

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)**  
Single Audit Reports  
February 28, 2018



**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)  
February 28, 2018**

**Contents**

<b>Schedule of Expenditures of Federal and State Awards .....</b>	<b>1</b>
<b>Notes to the Schedule of Expenditures of Federal and State Awards.....</b>	<b>5</b>
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor's Report .....</b>	<b>6</b>
<b>Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; And Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas <i>Uniform Grant Management Standards</i> – Independent Auditor's Report .....</b>	<b>8</b>
<b>Schedule of Findings and Questioned Costs.....</b>	<b>11</b>
<b>Summary Schedule of Prior Audit Findings.....</b>	<b>15</b>

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)  
Schedule of Expenditures of Federal and State Awards  
Year Ended February 28, 2018**

Federal Grantor/Passthrough Grantor/State Grantor/Federal Program Title	Catalog of Federal Domestic Assistance Number	Grantor Number	Grant Period	Expenditures	Amount Paid to Subrecipients
U.S. Department of Health and Human Services					
Strong Start for Mothers and Newborns	93.611	D1CMS331133-04	9/1/16 to 5/31/17	\$ 17,826	
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	H12HA24800-05	8/1/16 to 7/31/17	139,510	
		H12HA24800-06	8/1/17 to 7/31/18	182,911	
Total-CFDA 93.153				322,421	
Health Center Program Cluster	93.224	H80CS00038-16	1/1/17 to 12/31/17	3,114,716	
		H80CS00038-17	1/1/18 to 12/31/18	525,395	
Total-CFDA 93.224				3,640,111	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00128-26	1/1/17 to 12/31/17	628,339	
		H76HA00128-27	1/1/18 to 12/31/18	96,954	
Total-CFDA 93.918				725,293	
Special Projects of National Significance	93.928	H97HA24959-05	9/1/16 to 8/31/17	161,993	
Total Direct U.S. Department of Health and Human Services				4,867,644	
<i>Passed Through Harris County Public Health and Environmental Services:</i>					
HIV Emergency Relief Project Grants (Fee-for-Service)	93.914	17GEN0241	3/1/17 to 2/28/18	7,306,423	
<i>Passed Through City of Houston:</i>					
HIV Prevention Activities – Health Department Based	93.940	C17-002-18	1/1/17 to 12/31/17	483,623	
		C18-002-18	1/1/18 to 12/31/18	24,975	
Total-CFDA 93.940				508,598	
<i>Passed Through Texas Department of State Health Services</i>					
HIV Prevention Activities – Health Department Based	93.940	U62PS003650	1/1/17 to 12/31/17	208,870	\$ 167,190
		U62PS003650	1/1/18 to 12/31/18	11,763	
Total-CFDA 93.940				220,633	
Total-CFDA 93.940				729,231	
<i>Passed Through Texas Health &amp; Human Services Commission</i>					
Temporary Assistance for Needy Families Cluster	93.558	529-17-0023-00037	9/1/16 to 8/31/17	125,148	
		529-17-0023-00037A	9/1/17 to 8/31/18	219,540	
Total-CFDA 93.558				344,688	
<i>Passed Through Texas Health &amp; Human Services Commission</i>					
Maternal and Child Health Services Block Grant to the States (Fee-for-Service)	93.994	529-17-0023-00037	9/1/16 to 8/31/17	1,985	
		529-17-0023-00037A	9/1/17 to 8/31/18	53,184	
Total-CFDA 93.994				55,169	
<i>Passed Through Texas Department of State Health Services</i>					
Maternal and Child Health Services Block Grant to the States (Fee-for-Service)	93.994	2016-003928-01	9/1/16 to 8/31/17	188,802	
		2016-003928-02	9/1/17 to 8/31/18	223,198	
Total-CFDA 93.994				412,000	
Total-CFDA 93.994				467,169	

The accompanying notes are an integral part of this Schedule.

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)  
Schedule of Expenditures of Federal and State Awards (Continued)  
Year Ended February 28, 2018**

Federal Grantor/Passthrough Grantor/State Grantor/Federal Program Title	Catalog of Federal Domestic Assistance Number	Grantor Number	Grant Period	Expenditures	Amount Paid to Subrecipients
<i>Passed Through The University of Texas Health Science Center at Houston</i>					
Drug Abuse and Addiction Research Programs	93.279	3 UG1 DA040314-02S1	1/1/17 to 3/31/17	\$ 20,945	
Total Research and Development Cluster				<u>20,945</u>	
<i>Passed Through Dallas County Hospital District</i>					
HIV-Related Training and Technical Assistance	93.145	U10HA29290	7/1/16 to 6/30/17	102,600	
		U10HA29290	7/1/17 to 6/30/18	<u>60,796</u>	
Total-CFDA 93.145				<u>163,396</u>	
Total U.S. Department of Health and Human Services				<u>13,899,496</u>	
U.S. Department of Homeland Security					
<i>Passed through the Texas Department of Public Safety</i>					
Hazard Mitigation Grant	97.039	DR-1791-082	1/1/11 to 9/30/11	<u>(66,268)</u>	
Total U.S. Department of Homeland Security				<u>(66,268)</u>	
Total Expenditures of Federal Awards				<u>13,833,228</u>	<u>\$ 167,190</u>

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)  
Schedule of Expenditures of Federal and State Awards (Continued)  
Year Ended February 28, 2018**

Federal Grantor/Passthrough Grantor/ State Grantor/Federal Program Title	Catalog of Federal Domestic Assistance Number	Grantor Number	Grant Period	Expenditures	Amount Paid to Subrecipients
Texas Department of State Health Services					
CHS – Title V-Prenatal Services (Fee-for-Service)		2016-003891-01	9/1/16 to 8/31/17	\$ 27,310	
		2016-003891-02	9/1/17 to 8/31/18	27,569	
Total-CHS Title V-Prenatal Services				54,879	
TB-Prevention and Control – Hospitals (Fee-for-Service)		2016-048254-001	9/1/16 to 8/31/17	9,800	
Texas Health & Human Services Commission					
TB-Prevention and Control – Hospitals (Fee-for-Service)		537-18-0096-0001	9/1/17 to 8/31/18	2,940	
Total-TB-Prevention and Control – Hospitals				12,740	
Texas Department of State Health Services					
Clostridium Difficile Infection		2016-003979-02	10/1/15 to 8/31/17	77,979	\$ 77,979
Texas Health & Human Services Commission					
Family Planning Grant Program		529-16-0102-00051	8/1/16 to 8/31/17	436,420	
Family Planning Grant Program (Fee-for-Service)		529-16-0102-00051	8/1/16 to 8/31/17	688,766	
Family Planning Grant Program		529-16-0102-00051A	9/1/17 to 8/31/18	568,532	
Family Planning Grant Program (Fee-for-Service)		529-16-0102-00051A	9/1/17 to 8/31/18	568,532	
Total Family Planning Grant Program				2,262,250	
Healthy Texas Women's Grant Program		529-16-0132-00028	9/24/16 to 8/31/17	209,555	
		529-16-0132-00028-B	9/1/17 to 8/31/18	230,576	
Total Healthy Texas Women's Grant Program				440,131	
Epilepsy Outpatient Services Grant Program		529-17-0069-00002	9/1/16 to 8/31/17	55,953	
		529-17-0069-00002A	9/1/17 to 8/31/18	55,206	
Total Epilepsy Outpatient Services Grant Program				111,159	
Breast & Cervical Cancer Control Program		529-17-0023-00037	9/1/16 to 8/31/17	228,656	
		529-17-0023-00037A	9/1/17 to 8/31/18	283,741	
Total Breast & Cervical Cancer Control Program				512,397	
Cancer Prevention and Research Institute of Texas (CPRIT)					
<i>Passed through Baylor College of Medicine</i>					
Reducing Racial/Ethnic Disparities in CRC Screening:					
A Comprehensive EMR-Based Patient Navigation Program					
Program Including Technology -Driven CRC Outreach					
and Education					
		PP160122	8/31/16 to 8/30/17	57,607	
		PP160122	8/31/17 to 8/30/18	54,812	
Total Disparities in CRC Screening				112,419	
Prevent HCC - through Screening, Vaccination, and Treatment of					
Viral Hepatitis.					
		PP160089	8/31/16 to 8/30/17	62,892	
		PP160089	8/31/17 to 8/30/18	50,279	
Total Prevent HCC				113,171	
Leveraging a Community Network for Cancer Prevention to					
Increase HPV Vaccine Uptake and Completion among					
Pediatric Patients in a Safety Net Healthcare Setting					
		PP160079	8/31/16 to 8/30/17	54,437	
		PP160079	8/31/17 to 8/30/18	55,032	
Total Increase HPV Vaccine				109,469	

The accompanying notes are an integral part of this Schedule.

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)  
Schedule of Expenditures of Federal and State Awards (Continued)  
Year Ended February 28, 2018**

Federal Grantor/Passthrough Grantor/ State Grantor/Federal Program Title	Catalog of Federal Domestic Assistance Number	Grantor Number	Grant Period	Expenditures	Amount Paid to Subrecipients
Empowering the Medically Underserved Through a Community Through a Community Network for Cancer Prevention		PP140028	8/31/16 to 8/30/17	\$ 144,606	
Community Network for Cancer Prevention to Improve Cervical and Colorectal Screening and Follow-up Among an Urban Medically Underserved Population		PP170094	8/31/17 to 8/30/18	148,763	
Expansion of a Comprehensive Cervical Cancer Screening Program for Medically Underserved Women in Harris County		PP160049	12/1/16 to 11/30/17	123,503	
		PP160049	12/1/17 to 11/30/18	38,233	
Total Cervical Cancer Screening Program				161,736	
Improving Breast Cancer Screening and Follow-up of Medical Underserved Harris County Residents		PP130084	12/1/15 to 5/30/17	110,605	
Total Cancer Prevention and Research Institute of Texas (CPRIT)				900,769	
Total Expenditures of State Awards				4,372,304	\$ 77,979
Total Expenditures of Federal and State Awards				\$ 18,205,532	\$ 245,169

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)  
Notes to the Schedule of Expenditures of Federal and State Awards  
Year Ended February 28, 2018**

***Notes to Schedule***

1. The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of Harris County Hospital District, d/b/a Harris Health System (the System) under programs of the federal and state of Texas governments for the year ended February 28, 2018. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards* (UGMS). Because the Schedule presents only a selected portion of the operations of the System, it is not intended to and does not present the financial position, changes in net position or cash flows of the System.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* or UGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The System has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The System did not have any federal or state loan programs during the year ended February 28, 2018.

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

**Independent Auditor's Report**

Board of Trustees  
Harris County Hospital District,  
d/b/a Harris Health System  
Houston, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Harris County Hospital District, d/b/a Harris Health System (the System), a component unit of Harris County, Texas, as of and for the year ended February 28, 2018, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated June 28, 2018. Our report includes reference to other auditors who audited the financial statements of Harris County Hospital District Foundation, as described in our report on the System's financial statements. The financial statements of the Harris County Hospital District Foundation, Community Health Choice, Inc. and Community Health Choice Texas, Inc., the discretely presented component units included in the System's financial statements, were not audited in accordance with *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BKD, LLP**

Houston, Texas  
June 28, 2018

**Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance; and Report on Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas *Uniform Grant Management Standards***

**Independent Auditor's Report**

Board of Trustees  
Harris County Hospital District,  
d/b/a Harris Health System  
Houston, Texas

**Report on Compliance for Each Major Federal and State Program**

We have audited Harris County Hospital District, d/b/a Harris Health System's (the System) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on each of the System's major federal and state programs for the year ended February 28, 2018. The System's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the System's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and UGMS. Those standards, the Uniform Guidance and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the System's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, Harris County Hospital District, d/b/a Harris Health System, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended February 28, 2018.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the UGMS and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal and state program is not modified with respect to this matter.

Harris County Hospital District, d/b/a Harris Health System's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The System's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Harris County Hospital District, d/b/a Harris Health System, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the System's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be significant deficiencies.

Harris County Hospital District, d/b/a Harris Health System's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The System's response was not subjected to the auditing procedures applied during the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and UGMS. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and State of Texas Uniform Grant Management Standards***

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the System as of and for the year ended February 28, 2018, and the related notes to the financial statements, which collectively comprise the System's basic financial statements. We issued our report thereon dated June 28, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and UGMS and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*BKD, LLP*

Houston, Texas  
June 28, 2018

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)  
Schedule of Findings and Questioned Costs  
Year Ended February 28, 2018**

**Summary of Auditor's Results**

**Financial Statements**

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified       Qualified       Adverse       Disclaimed

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?       Yes       None reported

Material weakness(es)?       Yes       No

3. Noncompliance considered material to the financial statements was disclosed by the audit?       Yes       No

**Federal and State Awards**

4. The independent auditor's report on internal control over compliance for major federal and state awards programs disclosed:

Significant deficiency(ies)?       Yes       None reported

Material weakness(es)?       Yes       No

5. The opinions expressed in the independent auditor's report on compliance for major federal and state awards was:

Unmodified       Qualified       Adverse       Disclaimed

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended February 28, 2018**

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?  Yes  No
7. The audit disclosed findings required to be reported by UGMS?  Yes  No
8. The System's major programs were:

<b>Cluster/Program</b>	<b>CFDA Number</b>
Health Center Program Cluster [Federal]	93.224
Family Planning Grant Program [State]	State
Healthy Texas Women Grant Program [State]	State

9. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.
10. The threshold used to distinguish between Type A and Type B programs as those terms are defined in UGMS was \$300,000.
11. The System qualified as a low-risk auditee?  Yes  No

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended February 28, 2018**

**Findings Required to be Reported by *Government Auditing Standards***

Reference Number	Finding
------------------	---------

No matters are reportable.

**Findings Required to be Reported by the Uniform Guidance**

Reference Number	Finding
------------------	---------

No matters are reportable.

**Findings Required to be Reported by UGMS**

Reference Number	Finding
------------------	---------

2018-001

Family Planning Grant Program  
Texas Health & Human Services Commission  
Award Nos. 529-16-0102-00051; 529-16-0102-00051A  
Program Year 2018

Healthy Texas Women Grant Program  
Texas Health & Human Services Commission  
Award Nos. 529-16-0132-00028; 529-16-0132-00028B  
Program Year 2018

Criteria or Specific Requirement – Reporting – Uniform Grant Management Standards – Subpart C – Section .21.

Condition – Monthly reimbursement vouchers did not report all eligible expenditures when submitted.

Questioned Costs – None

**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended February 28, 2018**

<b>Reference Number</b>	<b>Finding</b>
	<p>Context – For the Family Planning Grant Program, a sample of two reports were tested from a population of 19 reports required to be filed during the year. For Healthy Texas Women Grant Program, a sample of two reports were tested from a population of 17 reports required to be filed during the year. Each report tested had 15 inputs, of which one was noted to be an exception for each report tested. Of the inputs tested on each report, one input on each report was noted to not capture all costs of the program. The sample was not, and was not intended to be, statistically valid.</p> <p>Effect – The reimbursement vouchers submitted did not reflect all eligible costs incurred on the program as of the reporting date. All available funding was obligated during the course of the year.</p> <p>Cause – The cost allocation plan used by the System was revised after the report filings to improve compliance.</p> <p>Identification as a repeat finding, if applicable – Not a repeat finding.</p> <p>Recommendation – Management should consistently apply the cost allocation plan during month-end close to ensure all eligible costs are reported according to the cost allocation plan.</p> <p>Management response and planned corrective action – The cost allocation plan used to calculate eligible expenditures for submission of reimbursement vouchers had not been specifically approved by the State. The System will utilize the cost allocation plan submitted to the State for a previous grant. Future reimbursement vouchers will insure eligible costs are captured timely for billing and reporting. Fee-for-service grants with a cost reimbursement component will have a detailed cost allocation plan submitted to the State for consideration and approval.</p> <p>The name of the contact person for the corrective action plan is Denny L. Anderson, Director, Grant Accounting. Our anticipated completion date is September 14, 2018.</p>



**Harris County Hospital District,  
d/b/a Harris Health System  
(A Component Unit of Harris County, Texas)  
Summary Schedule of Prior Audit Findings  
Year Ended February 28, 2018**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
No matters are reportable.		