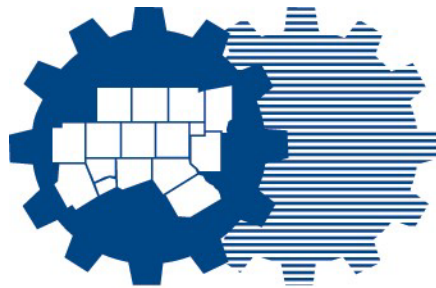


TEXAS GRANT MANAGEMENT STANDARDS REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2022



**North Central Texas
Council of Governments**



**North Central Texas
Council of Governments**

**NORTH CENTRAL TEXAS
COUNCIL OF GOVERNMENTS**

STATE SINGLE AUDIT REPORT

For the Year Ended September 30, 2022

Draft

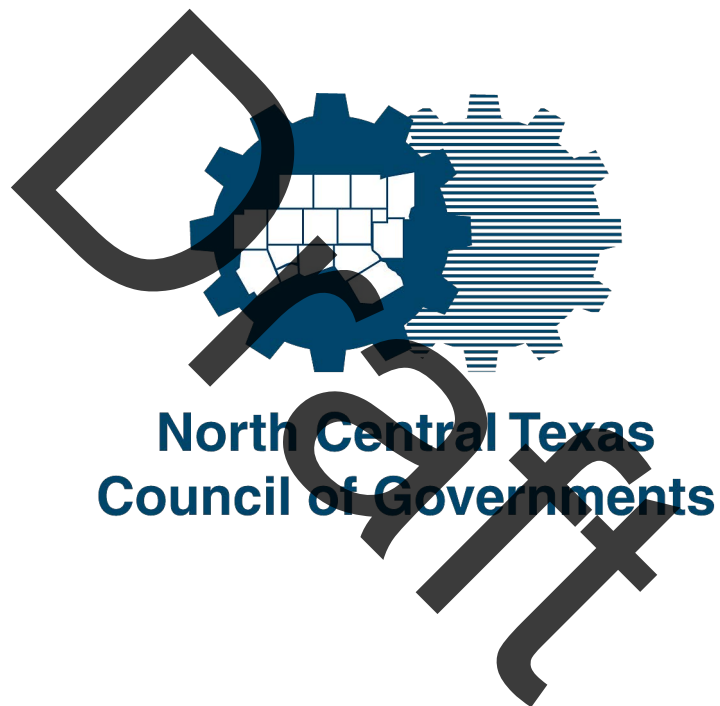


NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

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Draft



**INDEPENDENT AUDITOR'S 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***

To the Members of the Executive Board
North Central Texas Council of Governments
Arlington, Texas

We have audited, in accordance with the 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 governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of North Central Texas Council of Governments (the "Council"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated February 23, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as the basis for designing 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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 entity'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.

To the Members of the Executive Board
North Central Texas Council of Governments

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Fort Worth, Texas
February 23, 2023

Draft

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES STATE AWARDS REQUIRED BY THE
TEXAS GRANT MANAGEMENT STANDARDS**

To the Members of the Executive Board
North Central Texas Council of Governments
Arlington, Texas

Report on Compliance for Each Major State Program

Opinion on Each Major Program

We have audited North Central Texas Council of Governments (the "Council") compliance with the types of compliance requirements described in the Texas Comptroller of Public Accounts *Texas Grant Management Standards* (TxGMS) that could have a direct and material effect on each of the City's major state programs for the year ended September 30, 2022. The City's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2022

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the TxGMS. Our responsibilities under those standards and the TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Council's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards and the TxGMS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the TxGMS but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 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 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.

To the Members of the Executive Board
North Central Texas Council of Governments

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 TxGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards Required by the Texas Grant Management Standards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Council as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements. We issued our report thereon dated February 23, 2023, which contained unmodified opinions 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 state awards is presented for purposes of additional analysis as required by the TxGMS and is not a required part of the basic 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 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 state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Fort Worth, Texas
February 23, 2023

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2022

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Texas Grant Management Standards?	No

Identification of major programs:

<u>Name of State Program:</u>	<u>State Contract Number</u>
--------------------------------------	-------------------------------------

Texas Workforce Commission

TANF/CHOICE-2022	0422TAF001
TANF/CHOICE-2021	0421TAF001
Childcare PRS-2022	0422CCP001
Childcare-2022	0422CCF001
Childcare-2021	0421CCF001
Childcare PRS 2023	0423CCP001
Childcare PRS 2021	0421CCP001

Dollar Threshold Considered Between Type A and Type B State Programs	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2022

II. Financial Statement Findings

None noted

III. State Award Findings and Questioned Costs

None noted

Draft

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

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SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended September 30, 2022

State Grantor/Pass-Through Grantor/Program Title	Grant Number	Contract Number	Total State Expenditures	Passed-Through to Subrecipient Expenditures
State General Revenue				
Pass-Through Texas Workforce Commission:				
CHILDCARE PRS-2022	0800522	0422CCP001	\$ 3,731,093	\$ 3,613,324
CHILDCARE-2022	0800322	0422CCF001	1,849,304	1,849,304
TANF/CHOICE-2022	0801322	0422TAF001	460,319	460,319
CHILDCARE PRS-2023	0800523	0423CCP001	343,773	335,500
SNAP-2022	0800922	0422SNE001	180,607	-
VETERAN RESOURCE-2022	0802222	0422TVC001	124,890	2,112
CHILDCARE-2021	0800321	0421CCF001	117,579	117,579
NCP-2022	0802822	0422NCP001	109,356	109,356
IKEA HOME-2021	0804121	0421DON001	74,868	-
TWC RAG ISAMS-2022	0801722	0422RAG001	6,604	-
SNAP-2021	0800921	0421SNE001	3,058	-
TANF/CHOICE-2021	0801321	0421TAF001	1,255	1,255
CHILDCARE PRS-2021	0800521	0421CCP001	(782)	(782)
NCP-2021	0802821	0421NCP001	(1,395)	(1,395)
Pass-Through Texas Workforce Commission, Subtotal			7,000,529	6,486,572
Total State General Revenue			7,000,529	6,486,572
TX Dept of Transportation				
Direct Programs:				
SUSTAINABILITY FOR TRANSI	0751021	0918-00-349	628,749	329,861
RTR IMPLEMENTATION ADMIN	0751017	0918-00-285	353,841	-
TRANSIT OP - REG COORD	0751010	0918-00-193	299,444	299,444
AUTO OCC DECT IMP	0783101	0902-00-275	270,850	-
HSR TECH SUPPORT	0751012	0902-00-194	270,414	-
511 DFW TRAVELER INFO SYS	0783110	0902-00-260	119,851	-
REGIONAL AERIAL PHOTOGRAP	0783115	0902-00-279	108,738	-
TECH LEGAL SUPPORT INNOV	0751023	0902-00-236	90,021	-
PHASE V RTSRP	0782036	0902-90-054	86,862	-
PASSENGER RAIL CORRIDORS	0751019	0918-47-211	66,692	-
REG MINOR INTERSECTION	0782035	0902-00-217	61,381	-
EXPEDITE SEC 404 & 408	0751018	0918-00-384	59,500	-
511 DFW TRAVELER INFO SYS	0783110	0902-00-259	58,715	-
REG MINOR INTERSECTION	0782035	0902-00-172	50,123	-
WETLANDS-TREES MITIGATION	0751014	0902-00-193	47,768	25,000
REG ITS QUAL IMP M&O FY18	0783091	0902-90-051	15,499	-
UTILIZATION OF SHOULDER	0751009	0918-00-246	14,189	-
REG ITS QUAL IMP M&O FY18	0783091	0902-90-052	13,155	-
AV PROVING GROUND IH30	0783088	0902-90-100	6,927	-
RTR AGREEMENT 1	0751001	0918-24-174	4,295	-
MPO PLANNING TECH & LEGAL	0751011	0902-00-161	1,976	-
EQUITABLE TRANSIT FARE DE	0751022	0918-00-325	1,321	-
RTSRP FY21 - FY23	0782040	0902-00-256	1,220	-
AUTO OCC IMP	0784001	0902-00-215	83	-
Direct Programs, Subtotal			2,631,614	654,305
Total TX Dept Of Transportation			2,631,614	654,305

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended September 30, 2022

Page 2 of 2

State Grantor/Pass-Through Grantor/Program Title	Grant Number	Contract Number	Total State Expenditures	Passed-Through to Subrecipient Expenditures
Health And Human Services				
Direct Programs:				
STATE GEN REVENUE	0301022	HHS000874100018	402,326	173,915
AGING&DISABILITY RESOURCE	0301520	HHS000270200001	303,683	-
TITLE IIIIE FY 22	0300622	HHS000874100018	233,714	-
STATE GEN REVENUE	0301023	HHS000874100018	36,125	15,403
Direct Programs, Subtotal			975,848	189,318
Total Health And Human Services			975,848	189,318
Office Of The Governor				
Direct Programs:				
REG POLICE TRAINING-22-23	0565522	2020-SF-ST-0015-1460418	718,717	-
Direct Programs, Subtotal			718,717	-
Total Office Of The Governor			718,717	-
Texas Commission on Environmental Quality				
Direct Programs:				
SOLID WASTE 22/23	0658722	582-22-30122	888,660	426,158
N CEN TX CLEAN BUS SEP	0764002	2011-07	89,600	89,600
IMPAIRED WATERSHED	0666421	582-20-12048	87,208	-
TCEQ COOPERATIVE REIMBURS	0760Y21	582-21-10423	13,299	-
RIDER 7 LOCAL AIR QUALITY	0766001	582-22-31889	6,922	-
Direct Programs, Subtotal			1,085,689	515,758
Total Texas Commission on Environmental Quality			1,085,689	515,758
Total Expenditures of State Awards			\$ 12,412,397	\$ 7,845,953

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended September 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of state awards (the "Schedule") includes the state grant activity of North Central Texas Council of Governments (the "Council") under programs of the state government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of the Texas Grant Management Standards. Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net position or cash flows of the Council.

Note 2 - Summary of Significant Accounting Policies

The Council accounts for all state awards under programs of the state government in the General and Special Revenue Funds. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

State grant funds for governmental funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When such funds are advanced to the Council, they are recorded as unearned revenues until earned. Otherwise, state grant funds are received on a reimbursement basis from the respective state program agencies. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note 3 - Relationship to State Financial Reports

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related state financial reports with grantor agencies because of accruals which would be included in the next report filed with the agencies.

Note 4 - Relationship to the Basic Financial Statements

State awards revenue are reported in the Council's basic financial statements as follows:

Federal administered grants	\$ 11,278,841
State administered grants	132,997,272
Less: Federal funded grant awards	<u>131,863,716</u>
Per Schedule of Expenditures of State Awards	<u><u>\$ 12,412,397</u></u>

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued)
For the Year Ended September 30, 2022

Note 5 - Negative Amounts

Due to a revision in the calculation of administrative costs, the funding agent has retroactively calculated certain grant expenditures. As a result of this recalculation, the affected grants reflect a negative balance on the current schedule of expenditures of state awards.

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NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2022

The Texas Grant Management Standards states that the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee shall prepare a summary schedule of prior audit findings. The summary schedule of prior audit findings shall report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None reported

Draft

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

CORRECTIVE ACTION PLAN

For the Year Ended September 30, 2022

The Texas Grant Management Standards states that at the completion of the audit, the auditee shall prepare, in a document separate from the auditor's findings, a corrective action plan to address each audit finding included in the current year auditor's reports.

I. Corrective Action Plan

Not applicable

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