



## Management Letter

July 30, 2021

To the Honorable County Judge and  
Members of Commissioners' Court of  
Hardin County, Texas:

The American Institute of Certified Public Accountants Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 115), provides guidance to auditors on communicating internal control matters to management and the governing body, board of directors, or equivalent body.

It is important to note when reviewing findings reported within this letter that classification of findings are based on the definitions required by SAS 115, as further discussed below. Please note that these classifications are based on the potential impact to the financial statements, not necessarily the likelihood of actual loss to the Hardin County, Texas (the "County"). Accordingly, the County's assessment of the "significance" or ranking of severity will likely be substantially different based on a number of factors including, but not limited to, its assessment of risk and the cost benefit of making the change.

Our report is as follows:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be an other matter.

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 County's financial statements will not be prevented, or detected and corrected, on a timely basis.

AUDITING TEXAS GOVERNMENTS WITH EXCELLENCE

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 findings and additional comments are as follows:

***CURRENT YEAR MATTER***

***Other Matter:***

**2020-001. OUTSTANDING ITEMS—SHERIFF INMATE TRUST ACCOUNT**

**Criteria**

Under Texas State Property Code Chapter 72, *Subchapter B. § 72.101*, property is presumed abandoned if the owner of the property does not claim the property within three years. Under Texas State Property Code Chapter 74, *Subchapter D. § 74.301*, each holder who on June 30 holds property that is presumed abandoned under Chapter 72 shall deliver the property to the comptroller on or before the following November 1 accompanied by the report required to be filed under Section 74.101. Under Texas State Property Code Chapter 74, *Subchapter B. § 74.101*, each holder who on June 30 holds property that is presumed abandoned under Chapter 72 of this code shall file a report of that property on or before the following November 1.

**Condition**

During our review of the inmate trust account, we noted several outstanding deposits and checks over 10 years old. This is a repeat of prior year finding 2018-002.

**Cause**

The Sheriff's office lacks a process for researching discrepancies in the inmate trust account.

**Recommendation**

The Sheriff's office should implement a process to research any identified discrepancies between book and bank balances so that correction adjustments can be made in a timely manner. All outstanding checks that are older than three years from June 1 of the current year should be reported and delivered to the State no later than November 1. The County should monitor all outstanding checks and record escheat payable in accordance with the Texas State Property Code noted above.

**Management's Corrective Action Plan**

The Sheriff's office concurs with the recommendation and is in the process of implementing procedures to reconcile any identified discrepancies in a timely manner by the end of the 2021 fiscal year.

This communication is intended solely for the information and use of management, Commissioners' Court, the County Judge, and others within the County, and is not intended to be, and should not be, used by anyone other than these specified parties.

Hardin County, Texas  
Management Letter  
Page 3 of 3

We would like to thank the Commissioners' Court, the County Judge, and the County's management for their cooperation during the course of our audit. Please feel free to contact us at your convenience to discuss this report or any other concerns that you may have.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas