



## Management Letter

March 17, 2021

To the Honorable County Judge and  
Members of the Commissioners' Court of  
Polk 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 the findings is 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 Polk 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, the discretely presented component unit, 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 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 a material weakness and other matters.

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.

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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:***

***Material Weakness:***

**2020-001. BANK RECONCILIATIONS**

**Criteria**

The County Treasurer's office is responsible for balancing and reconciling bank statements and accurately accounting for the County's pooled cash account, payroll, and various other accounts.

**Condition**

The bank statements and reconciliations were requested from the County Treasurer's office for review in completing the County's annual audit. The County Treasurer has completed bank reconciliations for the pooled cash accounts but the balance on the reconciliations do not accurately reflect the balance of the accounts on the trial balance.

**Effect**

The County is at risk for loss of funds due to its inability to balance its accounting software bank reconciliations to the pooled cash balances on the trial balance.

**Cause**

The County Treasurer's office reconciled the pooled cash account bank statements on the software module but the balances on the reconciliations do not accurately reflect the balance of the accounts on the trial balance. There is an issue with the software and the bank reconciliation module.

**Recommendation**

The County Treasurer's office should continue to work with the software company to ensure that all pooled cash accounts are reflected correctly on the reconciliations and are in balance with the trial balance each month.

**Management Corrective Action Plan**

The County Treasurer is going to continue to work with the software company to correct the problem within the County's software.

We would like to thank the members of 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*

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