

*SINGLE AUDIT REPORTS*

**SOUTHEAST TEXAS  
REGIONAL ADVISORY COUNCIL**

For the Year Ended  
August 31, 2022

**SOUTHEAST TEXAS  
REGIONAL ADVISORY COUNCIL**

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**INDEPENDENT AUDITORS' 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 Board of Directors of the  
Southeast Texas Regional Advisory Council:

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 Southeast Texas Regional Advisory Council (SETRAC) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 6, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered SETRAC's internal control over financial reporting (internal control) as a basis for designing 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 SETRAC's internal control. Accordingly, we do not express an opinion on the effectiveness of SETRAC'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 SETRAC'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 or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SETRAC'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 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 SETRAC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SETRAC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*B*ELT *H*ARRIS *P*ECHACEK, LLLP

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
June 6, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR, AND SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

To the Board of Directors of the  
Southeast Texas Regional Advisory Council:

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

We have audited the South Texas Regional Advisory Council's (SETRAC) (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of SETRAC's major federal and state programs for the year ended August 31, 2022. SETRAC's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, SETRAC 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 August 31, 2022.

**Basis for Opinion on Each Major Federal and State Program**

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 the *State of Texas Single Audit Circular*. Our responsibilities under those standards, the Uniform Guidance, and the *State of Texas Single Audit Circular* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SETRAC 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 federal and state program. Our audit does not provide a legal determination of SETRAC'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 SETRAC's federal and state programs.

## **Auditors' 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 SETRAC'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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the *State of Texas Single Audit Circular* 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 SETRAC's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the *State of Texas Single Audit Circular*, 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 including examining, on a test basis, evidence regarding SETRAC'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 SETRAC'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 *Government Auditing Standards*, the Uniform Guidance and the *State of Texas Single Audit Circular*, but not for the purposes of expressing an opinion on the effectiveness of SETRAC'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 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 or to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

**Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance**

We have audited the financial statements of SETRAC, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise SETRAC's financial statements. We have issued our report thereon dated June 6, 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 financial statements. The accompanying schedule of expenditures of federal and state awards (SEFSA) is presented for purposes of additional analysis as required by the Uniform Guidance and the *State of Texas Single Audit Circular* 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFSA is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
June 6, 2023

**SOUTHEAST TEXAS**  
**REGIONAL ADVISORY COUNCIL**  
*SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS*  
For the Year Ended August 31, 2022

**A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

None to report.



**SOUTHEAST TEXAS**  
**REGIONAL ADVISORY COUNCIL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended August 31, 2022**

**I. SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of audit report issued	Unmodified
Internal control over financial reporting:	
One or more material weakness(es) identified?	No
One or more significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

*Federal and State Awards*

Internal control over major programs:	
One or more material weakness(es) identified?	No
One or more significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of audit report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Auditee qualified as a low-risk auditee?	No
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000

Identification of major Federal and State programs:

<b>Name of Federal or State Program</b>	<b>Assistance Listing (AL) Number(s)</b>
National Bioterrorism Hospital Preparedness Program	93.889
Emergency Medical Services: Risk Advisory Councils (RAC) RAC System Development, and County Assistance	Not Applicable - State Program
COVID-19 Deployment Emergency Response	Not Applicable - State Program

**II. FINANCIAL STATEMENT FINDINGS**

None identified

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AND STATE AWARDS**

None identified

**SOUTHEAST TEXAS**  
**REGIONAL ADVISORY COUNCIL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Page 1 of 2)**  
For the Year Ended August 31, 2022

Federal or State Grantor/Pass Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Pass Through Texas Department of State Health Services:</i>			
National Bioterrorism Hospital Preparedness Program	93.889	537-17-0309-00001	\$ 3,029,816
Hospital Preparedness Program Symposium	93.069	537-17-0309-00001	50,000
Public Assistance Category B for Emergency Protective Measures	97.036	537-17-0309-00001	47,733
COVID 19 Epidemiology and Lab Capacity for Infectious Disease	93.323	537-17-0309-00001	50,511
<b>Total U.S. Department of Health and Human Services</b>			<u>3,178,060</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Pass Through Texas Department of State Health Services:</i>			
COVID 19 Coronavirus Relief Fund	21.019	537-17-0309-00001	66,667
<b>Total U.S. Department of Treasury</b>			<u>66,667</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 3,244,727</u></u>
<b>TEXAS DEPARTMENT OF STATE HEALTH SERVICES</b>			
EMS-Regional Advisory Councils	N/A	HHS0000124600021	480,104
EMS-RAC System Development	N/A	HHS0000124600021	217,872
EMS-County Assistance	N/A	HHS0000124600021	439,364
<b>Total Texas Department of State Health Services</b>			<u>1,137,340</u>
<b>TEXAS EMERGENCY MEDICAL TASK FORCE</b>			
<i>Pass-Through Texas Department of State Health Services:</i>			
COVID 19 Deployment Emergency Response	N/A	537-17-0309-00001	930,488
<b>Total Texas Emergency Medical Task Force</b>			<u>930,488</u>

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*SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Page 2 of 2)*  
For the Year Ended August 31, 2022

<u>Federal or State Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
<b>TEXAS DEPARTMENT OF EMERGENCY MANAGEMENT</b>			
Heavy Rain Event	N/A	N/A	\$ 4,477
George Floyd Protest	N/A	N/A	3,081
Wild Fire Outbreak	N/A	N/A	21,945
March Severe Weather	N/A	N/A	35,251
Tropical Storm Nicolas	N/A	N/A	38,863
Kentucky Severe Weather	N/A	N/A	54,490
Tropical Cyclone	N/A	N/A	213,938
COVID 19 Deployment Emergency Response Administration	N/A	N/A	58,380
Instructor Time	N/A	N/A	110,986
<b>Total Texas Department of Emergency Management</b>			<u>541,411</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<u>\$ 2,609,239</u>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>			<u>\$ 5,853,966</u>

The accompanying notes are an integral part of this schedule.

**SOUTHEAST TEXAS**  
**REGIONAL ADVISORY COUNCIL**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended August 31, 2022**

**NOTE 1: BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of SETRAC, and is presented on the accrual basis of accounting.

The SEFSA is presented in accordance with the 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 the *State of Texas Single Audit Circular*. Therefore, some amounts presented in this SEFSA may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the SEFSA are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance and the *State of Texas Single Audit Circular*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFSA, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3: INDIRECT COST RATE**

SETRAC elected not to use the 10% de minimum indirect cost rate allowed under the Uniform Guidance.

**NOTE 4: DONATED PERSONAL PROTECTIVE EQUIPMENT**

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of the donated PPE, but such amounts are not included in the SEFSA. SETRAC did not receive PPE donations during the reporting year.

**NOTE 5: RECONCILIATION TO FEDERAL AND STATE GRANT REVENUES**

Total Expenditures of Federal and State Awards	\$ 5,853,966
Unexpended Restricted Grant Revenue	<u>170,315</u>
Statement of Activities Grant Revenues	<u>\$ 6,024,281</u>