

**FORT BEND COUNTY, TEXAS**  
**STATE SINGLE AUDIT REPORT**  
**Year Ended September 30, 2012**



**FORT BEND COUNTY, TEXAS**  
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**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 Honorable Robert E. Hebert, County Judge  
and Members of Commissioners Court  
Fort Bend County, Texas

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fort Bend County, Texas (the “County”) as of and for the year ended September 30, 2012, which collectively comprise the County’s basic financial statements and have issued our report thereon dated March 18, 2013. We conducted our audit 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County’s internal control over financial reporting as a basis for designing our auditing procedures 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 County’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs (item #12-01) to be a material weakness.

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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 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*.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Commissioners Court, management, others within the entity and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Sam & Co." with a stylized flourish at the end.

Sugar Land, Texas  
March 18, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE UNIFORM GRANT MANAGEMENT STANDARDS *CHAPTER IV STATE OF TEXAS SINGLE AUDIT CIRCULAR***

To the Honorable Robert E. Hebert, County Judge  
and Members of Commissioners Court  
Fort Bend County, Texas

**Compliance**

We have audited Fort Bend County, Texas' (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Uniform Grant Management Standards Chapter IV State of Texas Single Audit Circular* that could have a direct and material effect on each of the County's major state programs for the year ended September 30, 2012. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; and, *Uniform Grant Management Standards Chapter IV State of Texas Single Audit Circular*. Those standards and *OMB Circular A-133* 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 state program occurred. An audit includes examining, on a test basis, evidence about the County'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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County 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, 2012.

**Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over

compliance in accordance with OMB Circular A-133 and Uniform Grant Management Standards, 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 County'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 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 state program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of State Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2012, and have issued our report thereon dated March 18, 2013, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of state awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Uniform Grant Management Standards *Chapter IV 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 the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of Commissioners Court, management, others within the entity and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Sugar Land, Texas  
March 18, 2013



**FORT BEND COUNTY, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
*For the Year Ended September 30, 2012*

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Contract Number</u>	<u>State Expenditures and Indirect Costs</u>
<b>Texas Department of Transportation</b>		
<b>Direct Program:</b>		
Section 5311 State/Local Rural Public Transportation	51212F7018	\$ 132,311
<b>Total Texas Department of Transportation</b>		<u>132,311</u>
<b>Texas Department of Criminal Justice - Community Justice Assistance Division</b>		
<b>Direct Programs:</b>		
<u>Diversion Programs</u>		
Mental Health Initiative Caseload	015	98,342
Mental Health Initiative Caseload	015	7,179
Felony Drug Court	016	115,771
Felony Drug Court	016	9,198
Substance Abuse Treatment Caseload	018	85,440
Substance Abuse Treatment Caseload	018	8,717
Special Sanctions Court	019	369,581
Special Sanctions Court	019	31,352
Aftercare Caseload	023	93,908
Aftercare Caseload	023	10,392
		<u>829,880</u>
<u>Treatment Alternative</u>		
Treatment Alternative to Incarceration	010	357,804
Treatment Alternative to Incarceration	010	18,335
		<u>376,139</u>
<b>Total Texas Department of Criminal Justice - Community Justice Assistance Division</b>		<u>1,206,019</u>
<b>Texas Juvenile Probation Commission</b>		
<b>Direct Programs:</b>		
State Aid	TJPC-A-2011-079	100,000
State Aid	TJPC-A-2012-079	1,926,243
State Aid	TJPC-A-2013-079	110,441
Commitment Reduction Program - Program C	TJPC-C-2012-079	241,196
Commitment Reduction Program - Program C	TJPC-C-2013-079	18,107
Special Needs Program M	TJPC-M-2012-079	52,685
Special Needs Program M	TJPC-M-2013-079	4,333
Prevention and Intervention Demonstation Project	TJPC-S-2012-079	18,194
<b>Total Texas Juvenile Probation Commission</b>		<u>2,471,199</u>

*The accompanying notes are an integral part of this schedule.*

**FORT BEND COUNTY, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
*For the Year Ended September 30, 2012*

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Contract Number</u>	<u>State Expenditures and Indirect Costs</u>
<b>Office of the Governor - Criminal Justice Division</b>		
<b>Pass-Through Programs From:</b>		
<u>Houston-Galveston Area Council</u>		
Law Enforcement Training Project (Gus George Academy)	SF-08-A10-14719-10	65,559
<b>Total Office of the Governor - Criminal Justice Division</b>		<u>65,559</u>
<b>Texas Education Agency</b>		
<b>Direct Programs:</b>		
Juvenile Justice Alternative Education Program (JJAEP)	TJPC P-2012-079	199,742
Juvenile Justice Alternative Education Program (JJAEP)	TJPC P-2013-079	9,753
<b>Total Texas Education Agency</b>		<u>209,495</u>
<b>Texas Department of State Health Services</b>		
<b>Direct Programs:</b>		
Tuberculosis Prevention and Control - State	2012-039059	139,925
Tuberculosis Prevention and Control - State	2013-041111-001	10,376
Tobacco Community Coalition	2012-039679	215,328
Tobacco Community Coalition	2013-042335-001	5,251
<b>Total Direct Programs</b>		<u>370,880</u>
<b>Pass-Through Programs From:</b>		
<u>Texas State University</u>		
Texas State School Safety Center Tobacco - Sheriff	0790000	20,752
Texas State School Safety Center Tobacco - Sheriff	0790000	2,882
<b>Total Passed Through Texas State University</b>		<u>23,634</u>
 <b>Total Texas Department of State Health Services</b>		 <u>394,514</u>
<b>Texas Comptroller of Public Accounts</b>		
<b>Direct Programs:</b>		
State Tobacco Enforcement Program - Constable 3	N/A	4,032
State Tobacco Enforcement Program - Sheriff	N/A	12,841
<b>Total Texas Comptroller of Public Accounts</b>		<u>16,873</u>
<b>Texas Commission on Environmental Quality</b>		
<b>Direct Program:</b>		
Low Income Vehicle Repair Assistance, Retrofit and Accelerated Retirement Program (LIRAP) Local Initiative Projects	582-12-20281	177,494
<b>Total Texas Commission on Environmental Quality</b>		<u>177,494</u>

*The accompanying notes are an integral part of this schedule.*

**FORT BEND COUNTY, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
*For the Year Ended September 30, 2012*

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Contract Number</u>	<u>State Expenditures and Indirect Costs</u>
<b>Office of the Attorney General</b>		
<b>Direct Programs:</b>		
Victim Coordinator Liason Grant	1333053	3,429
Victim Coordinator Liason Grant	1226836	39,023
<b>Total Office of the Attorney General</b>		<u>42,452</u>
<b>Texas Indigent Defense Commission</b>		
<b>Direct Programs:</b>		
Formula Grant	212-12-079	254,747
Fort Bend County Mental Health Defender Program	212-02-D18	221,095
Evaluation of Fort Bend Mental Health Public Defender Office	212-TS-079	18,901
<b>Total Texas Indigent Defense Commission</b>		<u>494,743</u>
<b>Texas Historical Commission</b>		
<b>Direct Program:</b>		
Historic Courthouse Preservation Program	Fort Bend-2010	4,740
<b>Total Texas Historical Commission</b>		<u>4,740</u>
<b>Texas Department of Family and Protective Services</b>		
<b>Direct Program:</b>		
Concrete Services	23355842	500
<b>Total Texas Department of Family and Protective Services</b>		<u>500</u>
<b>Texas Secretary of State</b>		
<b>Direct Program:</b>		
Chapter 19 Election Funds - 2010	079	83,075
Chapter 19 Election Funds - 2011	079	8,085
<b>Total Texas Secretary of State</b>		<u>91,160</u>
<b>Total Expenditures of State Awards</b>		<u><u>\$ 5,307,059</u></u>

*The accompanying notes are an integral part of this schedule.*

**FORT BEND COUNTY, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended September 30, 2012**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state awards (the “schedule”) includes the state grant activity of Fort Bend County, Texas (the “County”) under programs of the state government for the year ended September 30, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Uniform Grant Management Standards *Chapter IV Texas State Single Audit Circular*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County.

**NOTE 2 - BASIS OF ACCOUNTING**

The County accounts for all 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 generally are 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 County, they are recorded as deferred 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.

**FORT BEND COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended September 30, 2012*

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

*FINANCIAL STATEMENTS*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- a. Material weakness(es) identified? Yes - #12-01
- b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? No

Noncompliance material to the financial statements noted? No

*STATE AWARDS*

Internal control over major programs:

- a. Material weakness(es) identified? No
- b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? No

Type of auditors' report issued on compliance with major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) OMB Circular A-133? No

Identification of major programs:

<b><u>State Contract Number(s)</u></b>	<b><u>Name of State Program</u></b>
Various	Texas Department of Criminal Justice – Community Justice Assistance Division Diversion Programs
Various	Texas Department of Criminal Justice—Community Assistance Division—Treatment Alternative to Incarceration
Various	Texas Juvenile Probation Commission State Aid
Various	Texas Education Agency –Juvenile Justice Alternative Education Program (JJAEP)

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? No

**FORT BEND COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For the Year Ended September 30, 2012**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding #12-01 – Accounting for Fines and Fees**

**Criteria**

A software program should be in place which records the initial assessment of all fines and fees, records the subsequent collection of fines and fees and identifies outstanding fines and fees. Further, this software program should be used by all County departments that assess fines and fees.

**Condition**

The County does not have a software program in place which records the initial assessment of all fines and fees, records the subsequent collection of fines and fees and identifies outstanding fines and fees. Various departments within the County use various programs to record fines and fees, and some of these departments are unable to produce an accurate listing of outstanding fines and fees at year-end. Therefore, the County is not able to record an accurate amount of receivables for fines and fees on its general ledger at year-end. The County currently uses a method of estimates and assumptions in order to determine the amount of the receivable at year-end. In addition, the receivable for fines and fees recorded on the general ledger has not been adjusted or reviewed in the past five years.

**Context**

This was determined while reviewing receivables recorded on the general ledger at year-end.

**Effect**

Not having all departments using a single software program which records the initial assessment of all fines and fees, records the subsequent collection of fines and fees and identifies outstanding fines and fees, results in an increased risk of fines and fees not being properly recorded and collected and also results in an increased risk that the receivable for fines and fees recorded on the general ledger is misstated.

**Cause**

The County does not have a software program in place which records the initial assessment of all fines and fees, records the subsequent collection of fines and fees and identifies outstanding fines and fees. The County uses a method of estimates and assumptions in order to determine the amount of the receivable for fines and fees at year-end.

**Recommendation**

The County should implement a software program or other capability which records the initial assessment of all fines and fees, records the subsequent collection of fines and fees and identifies outstanding fines and fees. Further, this software program or other capability should be used by all departments within the County that collect fines and fees.

**Views of Responsible Officials and Planned Corrective Actions**

See Section V

**FORT BEND COUNTY, TEXAS**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)*  
*For the Year Ended September 30, 2012*

**SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS**

No matters reported.

**FORT BEND COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For the Year Ended September 30, 2012**

**SECTION IV – STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**Finding #11-01 – Accounting for Fines and Fees**

See current year finding #12-01 in Section II

**Finding #11-02 – Recording of Expenditures/Expenses**

The County has implemented controls to ensure that expenditures/expenses are posted to the correct expenditure/expense categories, including invoices which are coded to expenditure/expense categories by bookkeepers of the component units of the County.



**FORT BEND COUNTY, TEXAS**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended September 30, 2012***

**SECTION V – CORRECTIVE ACTION PLAN**

**Finding #12-01 – Accounting for Fines and Fees**

**Responsible Person** – Ed Sturdivant, County Auditor

**Corrective Action Plan**

The courts management software is being modified by the vendor to accommodate the timely and accurate reporting of receivables related to fines, fees and court costs. The solution will be presented to the County along with the implementation plan by September 30, 2013. The solution is expected to be in place during fiscal year 2014.

**Estimated Completion Date** – Fiscal Year 2014

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