

FORT BEND COUNTY, TEXAS
FEDERAL SINGLE AUDIT REPORT
Year Ended September 30, 2013

FORT BEND COUNTY, TEXAS
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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 Honorable Robert E. Hebert, County Judge
and Members of Commissioners Court
Fort Bend County, 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 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine 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 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 described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control 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 #13-01) 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 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 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 Findings

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 purpose.

A handwritten signature in black ink that reads "Sante Kof & Co." The signature is written in a cursive, flowing style.

Sugar Land, Texas
March 18, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

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* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 federal 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County 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 programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major

federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 federal 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 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 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 18, 2014, 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 federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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. 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 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 federal awards 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Sugar Land, Texas
March 18, 2014

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2013

Federal Grantor/ Pass-Through Agency/ Program Title	CFDA Number	Grantor or Pass through Grantor's Number	Program Expenditures
U.S. Department of Agriculture			
Direct Programs:			
Food Donation (Program Year 2013: 10/1/12 - 9/30/13)	10.555		\$ 4,879
National School Lunch / Breakfast Program 2012-2013	10.553	792002	70,897
National School Lunch / Breakfast Program 2013-2014	10.553	792002	22,912
Summer Food Service Program for Children	10.559	01637	85,560
Total U.S. Department of Agriculture			184,248
 U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant 2003	14.218	B-03-UC-48-0004	140,371
Community Development Block Grant 2008	14.218	B-08-UC-48-0004	32,313
Community Development Block Grant 2009	14.218	B-09-UC-48-0004	110,871
Community Development Block Grant 2010	14.218	B-10-UC-48-0004	477,596
Community Development Block Grant 2011	14.218	B-11-UC-48-0004	1,413,528
Community Development Block Grant 2012	14.218	B-12-UC-48-0004	1,543,919
Shelter Care Plus Program	14.238	TX24C700002	68,389
Emergency Solutions Grant Program (ESG) 2011	14.231	E-11-UC-48-0003	12,566
Heath Emergency Solutions Grant Program (HESG) 2012	14.231	E-12-UC-48-0003	56,761
HOME Investments Partnerships Program 2009	14.239	M-09-UC-48-0216	8,785
HOME Investments Partnerships Program 2010	14.239	M-10-UC-48-0216	64,989
HOME Investments Partnerships Program 2011	14.239	M-11-UC-48-0216	336,106
HOME Investments Partnerships Program 2012	14.239	M-12-UC-48-0216	180,881
Neighborhood Stabilization Program (HERA)	14.264	B-08-UN-48-0400	119,916
Total Direct Programs			4,566,991
 Pass-Through Programs From:			
<u>Texas General Land Office</u>			
Community Development Block Grant - State's Program Ike Non-Housing	14.228	DRS010047	430,269
Community Development Block Grant - State's Program Ike Non-Housing	14.228	12-202-000-5502	307,248
Total Passed Through Texas General Land Office			737,517
 Total U.S. Department of Housing and Urban Development			5,304,508
 U.S. Department of Justice			
Direct Programs:			
State Criminal Alien Assistance Program FY2012	16.606	2012-AP-BX-0853	106,246
State Criminal Alien Assistance Program FY2013	16.606	2013-AP-BX-0871	141,227
Edward Byrne Justice Assistance Grant FY2009 Recovery Act	16.804	2009-SB-B9-2532	26,215
Edward Byrne Justice Assistance Grant FY10	16.738	2010-DJ-BX-0846	6,250
Edward Byrne Justice Assistance Grant FY11	16.738	2011-DJ-BX-3210	1,295
Edward Byrne Justice Assistance Grant FY12	16.738	2012-DJ-BX-0312	63,062
Organized Crime Drug Enforcement Task Forces (0814)	16.111	SW-TXS-0814	113,209
Organized Crime Drug Enforcement Task Forces (0814)	16.111	SW-TXS-0814	10,852
Organized Crime Drug Enforcement Task Forces (0878)	16.111	SW-TXS-0878	9,197
Organized Crime Drug Enforcement Task Forces (0814)	16.111	SW-TXS-0814	23,311
Organized Crime Drug Enforcement Task Forces (0878)	16.111	SW-TXS-0878	17,202
Organized Crime Drug Enforcement Task Forces (0814)	16.111	SW-TXS-0814	27,701
Organized Crime Drug Enforcement Task Forces (0814)	16.111	SW-TXS-0814	3,899
Tactical Diversion Task Force	N/A		9,531
ATF-Houston Arson and Explosives Task Force	N/A	12-HOU-069-ATF	2,558
Total Direct Programs			561,755

The accompanying notes are an integral part of this schedule.

FORT BEND COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

For the Year Ended September 30, 2013

Federal Grantor/ Pass-Through Agency/ Program Title	CFDA Number	Grantor or Pass through Grantor's Number	Program Expenditures
Pass-Through Programs From:			
<u>The Office of the Governor Criminal Justice Division</u>			
Edward Byrne Justice Assistance - Felony Drug Court (CARD), Misdemeanor DWI Court (JAG)	16.738	1919106	150,000
Edward Byrne Justice Assistance - Special Crimes Detective (Sheriff's Office)	16.738	2018005	48,291
Crime Victim Assistance -Victim Services Program-Victim of Crime Act(VOCA) (CSCD)	16.575	1364813	33,176
Crime Victim Assistance -Victim Services Program-Victim of Crime Act(VOCA) (CSCD)	16.575	1364814	2,352
Crime Victim Assistance -Victim Witness Staff Expansion- (VOCA) (District Atty)	16.575	1364513	64,496
Crime Victim Assistance -Victim Witness Staff Expansion- (VOCA) (District Atty)	16.575	1364514	4,291
Violence Against Women Formula Grant - Prosecutor (District Atty) (ARRA)	16.588	1344715	72,426
Violence Against Women Formula Grant - Prosecutor (District Atty)	16.588	1344716	5,888
Violence Against Women Formula Grant - Investigator (District Atty) (ARRA)	16.588	1515714	41,790
Violence Against Women Formula Grant - Investigator (District Atty)	16.588	1515715	3,173
Comprehensive Enrichment Activities for Detained Juveniles (Juvenile)	16.523	2561301	26,050
Total Passed Through The Office of the Governor Criminal Justice Division			451,933
<u>Executive Office of the President -</u>			
<u>Office on National Drug Control Policy</u>			
High Intensity Drug Trafficking Area (HIDTA)	95.001	G11HN0010A	46,955
High Intensity Drug Trafficking Area (HIDTA)	95.001	G12HN0010A	613,596
High Intensity Drug Trafficking Area (HIDTA)	95.001	G13HN0010A	69,558
Total Passed Through Office on National Drug Control Policy			730,109
<u>Office of Juvenile Justice and Delinquency Prevention</u>			
<u>Passed Through The City of Houston</u>			
Internet Crimes Against Children Task Force Program	16.543	2012-MC-FX-K053	63,000
Internet Crimes Against Children Task Force Program	16.543	2012-MC-FX-K053	687
Total Passed Through The City of Houston			63,687
Total Pass-Through Programs			1,245,729
Total U.S. Department of Justice			1,807,484
U.S. Department of Transportation			
Direct Programs:			
Section 5307 Urban Public Transportation	20.507	TX90-X915	121,859
Section 5307 Urban Public Transportation	20.507	TX90-X968	2,405,459
Section 5307 Urban Public Transportation	20.507	FBC 5307 FY13	580,473
Section 5309 Urban Discretionary Transit	20.500	TX04-0041	23,314
SH 36 Park and Ride	20.507	TX95-X021	73,236
Section 5307 American Recovery Act (ARRA)	20.507	TX-96-X034	633,696
Total Direct Programs			3,838,037
Pass-Through Programs From:			
<u>Texas Department of Transportation</u>			
Section 5309 Capital Investment	20.500	51112F7160	159,404
Section 5310 Elderly & Disabled Transportation Program	20.513	51212F7164	203,312
Section 5310 Elderly & Disabled Transportation Program	20.513	51112F7249	26,331
Section 5311 State/Local Rural Public Transportation	20.509	51212F7216	142,456
Section 5311 State/Local Rural Public Transportation	20.509	51212F7253	82,102
Section 5311 State/Local Rural Public Transportation	20.509	51112F7193	92,958
US 59/FM762 Landscape Project	20.205	CSJ-0027-12-137	5,577
ROW Spur 10	20.205	CSJ-0187-05-057	2,519,191
Total Passed Through Texas Department of Transportation			3,231,331

The accompanying notes are an integral part of this schedule.

FORT BEND COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

For the Year Ended September 30, 2013

Federal Grantor/ Pass-Through Agency/ Program Title	CFDA Number	Grantor or Pass through Grantor's Number	Program Expenditures
<u>Metropolitan Transit Authority of Harris County</u>			
Section 5316 Job Access/Reverse Commute Federal Funds	20.516	TX37-X059	188,231
Section 5317 New Freedom Federal Funds	20.521	TX57-X006	39,908
Total Passed Through Metropolitan Transit Authority of Harris County			228,139
<u>Houston Galveston Area Council</u>			
Fort Bend County Express	20.205	CSJ 912-72-030	30,027
State and Community Highway Safety-Selective Traffic Enforcement Program	20.600		7,390
Total Passed Through Houston Galveston Area Council			37,417
Total Pass-Through Programs			3,496,887
Total U.S. Department of Transportation			7,334,924
U.S. Department of Homeland Security			
Pass-Through Programs From:			
<u>United Way of Greater Houston</u>			
Emergency Food & Shelter - National Board Program	97.024		214,623
<u>Texas Department of Public Safety -</u>			
<u>Division of Emergency Management</u>			
Emergency Management Performance Grant	97.042	13-TX-EMPG-0511	101,933
Urban Area Security Initiative (UASI) 2012	97.008	EMW-2012-SS-00018-S01	1,217,290
Urban Area Security Initiative (UASI-LETPA) 2012	97.008	EMW-2012-SS-00018-S01	54,328
Urban Area Security Initiative (UASI) 2011	97.067	EMW-2011-SS-00019	1,522,880
Urban Area Security Initiative (UASI-LETPA) 2011	97.067	EMW-2011-SS-00019	198,174
State Homeland Security Program (SHSP) 2011	97.067	EMW-2011-SS-00019	12,761
State Homeland Security Program (SHSP-LETPA) 2011	97.067	EMW-2011-SS-00019	66,256
Total Passed Through Texas Department of Public Safety - Division of Emergency Management			3,173,622
Total U.S. Department of Homeland Security			3,388,245
<u>U.S. Department of Health & Human Services</u>			
Pass-Through Programs From:			
<u>Texas Department of Family & Protective Services</u>			
Foster Care Title IV-E FY '13 (Legal) (ARRA)	93.658	23941775	113,540
Foster Care Title IV-E FY '13 (CWS) (ARRA)	93.658	23941778	20,625
Total Passed Through Texas Department of Family & Protective Services			134,165
<u>Texas Juvenile Probation Commission</u>			
Title IV-E Foster Care Reimbursement Program	93.658	TJPC E-2013-079	269,002
<u>Texas Department of State Health Services</u>			
Public Health Emergency Preparedness (PHEP) (Hazards)	93.069	2013-041111-004	335,208
Public Health Emergency Preparedness (PHEP) (Hazards)	93.069	2014-001130-00	21,229
Public Health Emergency Preparedness - CRI - Cities Readiness Initiative	93.069	2013-041111-002	145,563
Public Health Emergency Preparedness - CRI - Cities Readiness Initiative	93.069	2014-001133-00	3,775
Public Health Emergency Preparedness - Risk Based	93.069	2012-040288	11,677
Public Health Emergency Preparedness - Bioterrorism Discretionary	93.069	2013-041111-003	132,314
Immunization Cooperative Agreement - Locals	93.268	2013-041111-005	212,586
Immunization Cooperative Agreement - Locals	93.268	2014-001054-00	17,233

The accompanying notes are an integral part of this schedule.

FORT BEND COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

For the Year Ended September 30, 2013

Federal Grantor/ Pass-Through Agency/ Program Title	CFDA Number	Grantor or Pass through Grantor's Number	Program Expenditures
Tuberculosis Prevention & Control - Federal	93.116	2013-041111-007	85,679
Tuberculosis Prevention & Control - Federal	93.116	2014-001385-00	5,921
Total Passed Through Texas Department of State Health Services			<u>971,185</u>
 <u>Texas Health and Human Services Commission</u>			
Medical Assistance Program 1115 Waiver	93.778		1,970,739
Total U.S. Department of Health & Human Services			<u>3,345,091</u>
 U.S. Department of Energy			
Texas Energy Efficiency & Conservation Block Grant (ARRA)	81.128	DE-EE000916	231,238
Total U.S. Department of Energy			<u>231,238</u>
 Institute of Museum and Library Services			
Pass-Through Programs From:			
<u>Texas State Library & Archives Commission</u>			
Grants to States - Texas State Library Impact Grant Program	45.310	475-13017	9,986
Total Institute of Museum and Library Services			<u>9,986</u>
 U.S. General Services Administration			
Donation of Federal Surplus Personal Property	39.003		11,407
Total U.S. General Services Administration			<u>11,407</u>
 U.S. Election Commission			
Pass-Through Programs From:			
<u>Texas Secretary of State</u>			
Voting Access for Individuals with Disabilities - Help America Vote Act (HAVA)	93.617	77924	50,000
Total U.S. Election Commission			<u>50,000</u>
 U.S. Environmental Protection Agency			
FY06 EPA STAG Grant	66.606	XP-96639701	955,688
FY08 EPA STAG Grant	66.202	XP-00F30401	20,891
Total US Environmental Protection Agency			<u>976,579</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 22,643,710</u></u>

The accompanying notes are an integral part of this schedule.

FORT BEND COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2013

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of Fort Bend County, Texas (the “County”) under programs of the federal government for the year ended September 30, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. 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 position or cash flows of the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County accounts for all federal awards under programs of the federal 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.

Federal 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 unearned revenues until earned. Otherwise, federal grant funds are received on a reimbursement basis from the respective federal program agencies. Generally, unused balances are returned to the grantor at the close of specified project periods.

NOTE 3 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amounts Provided to Subrecipients</u>
14.218	Community Development Block Grant - Entitlement Grants	\$ 383,533
14.231	ESG Program	51,362
14.239	HOME Program	131,742
16.738	Felony Drug Court (CARD), Misdemeanor DWI Court	150,000

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2013

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- a. Material weakness(es) identified? Yes - #13-01
- b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? No

Noncompliance material to the financial statements noted? No

FEDERAL 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 programs: Unmodified

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.500 , 20.507	Federal Transit Cluster
14.218, 14.228	Community Development Block Grant— Entitlement Grants Cluster
20.205	Highway Planning and Construction
97.008	Nonprofit Security Program
97.067	Homeland Security Program
95.001	High Intensity Drug Trafficking Areas
93.778	Medical Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$679,311

Auditee qualified as low-risk auditee? No

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2013

Finding #13-01 – 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 six 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, 2013

SECTION III – FEDERAL 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, 2013

SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Finding #12-01 – Accounting for Fines and Fees

See current year finding #13-01 in Section II.

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2013

SECTION V – CORRECTIVE ACTION PLAN

Finding #13-01 – 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 is expected to be in place during fiscal year 2015.

Estimated Completion Date – Fiscal Year 2015