

FORT BEND COUNTY, TEXAS
FEDERAL SINGLE AUDIT REPORT
Year Ended September 30, 2010

FORT BEND COUNTY, TEXAS
TABLE OF CONTENTS

	<u>Page(s)</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
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	3-4
Schedule of Expenditures of Federal Awards	5-10
Notes to Schedule of Expenditures of Federal Awards	11
Schedule of Findings and Questioned Costs	12-18



130 Industrial Blvd, Suite 130 • Sugar Land, Texas 77478 • 281/242-3232 • fax 281/242-3252 • www.sktx.com

**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, 2010, which collectively comprise the County’s basic financial statements and have issued our report thereon dated March 7, 2011. 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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 #10-01) 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. We consider the deficiencies described in the accompany schedule of findings and questioned costs (items #06-04 and #10-02) to be significant deficiencies.

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 federal 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 "Sugar Land & Co." with a stylized flourish at the end.

Sugar Land, Texas
March 7, 2011

**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**

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* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal 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; 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. 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 federal programs for the year ended September 30, 2010.

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 federal 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 federal 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, 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.

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 Federal 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, 2010, and have issued our report thereon dated March 7, 2011, 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 federal 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 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 federal 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 7, 2011

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Direct Programs:			
Food Donation (Program Year 2009: 7/1/09 - 6/30/10)	10.550		\$ 4,772
Food Donation (Program Year 2010: 7/1/10 - 6/30/11)	10.550		1,171
			<u>5,943</u>
National School Lunch / Breakfast Program 2009-2010	10.553		72,282
National School Lunch / Breakfast Program 2010-2011	10.553		19,111
Summer Food Service Program for Children	10.559		121,284
			<u>212,677</u>
Total U.S. Department of Agriculture			<u>\$ 218,620</u>
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant 2003	14.218		\$ 106,821
Community Development Block Grant 2005	14.218		8,450
Community Development Block Grant 2007	14.218		114,320
Community Development Block Grant 2008	14.218		535,489
Community Development Block Grant 2009	14.218		892,297
CDBG Disaster Recovery Entitlement Grant Program IKE Housing	14.228		24,261
CDBG Disaster Recovery Entitlement Grant Program IKE Non-Housing	14.228		2,657
Community Development Block Grant - Recovery (ARRA)	14.253		1,644
			<u>1,685,939</u>
Shelter Care Plus Program	14.238		179,824
			<u>179,824</u>
HOME Program 2008	14.239		152,726
HOME Program 2009	14.239		233,703
HOME Program 2010	14.239		1,683
			<u>388,112</u>
ESG Program 2007	14.231		12,224
ESG Program 2008	14.231		9,668
ESG Program 2009	14.231		48,538
			<u>70,430</u>

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, 2010

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Neighborhood Stabilization Program	14.256		216,730
			216,730
Homelessness Prevention & Rapid Re-Housing Program (ARRA)	14.257		412,094
			412,094
Total U.S. Department of Housing and Urban Development			\$ 2,953,129
U.S. Department of Justice			
Direct Programs:			
State Criminal Alien Assistance Program FY2010	16.606		\$ 243,779
			243,779
FB County Court Team for Maltreated Infants & Toddlers	16.541		200,142
			200,142
Edward Byrne Justice Assistance Grant FY2007	16.738		20,127
Edward Byrne Justice Assistance Grant FY2008	16.738		3,126
Edward Byrne Justice Assistance Grant FY2009 (ARRA)	16.738		104,632
Edward Byrne Justice Assistance Grant FY2009	16.738		74,077
			201,962
Organized Crime Drug Enforcement Task Forces (0744)	N/A		22,275
Organized Crime Drug Enforcement Task Forces (0744)	N/A		121,985
Organized Crime Drug Enforcement Task Forces (0721)	N/A		16,862
Organized Crime Drug Enforcement Task Forces (0672)	N/A		16,877
Organized Crime Drug Enforcement Task Forces (0672)	N/A		55,743
Organized Crime Drug Enforcement Task Forces (0672)	N/A		7,471
Organized Crime Drug Enforcement Task Forces (0721)	N/A		7,451
			248,664
Subtotal of U.S. Department of Justice Direct Programs			894,547
Pass-Through Programs From:			
<u>State Criminal Justice Division</u>			
Law Enforcement Equipment Project	16.738		49,975
Sex Offender Registration	16.738		1,659
			51,634

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, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Victim Services Program-Victim of Crime Act (VOCA)	16.575		1,911
Victim Services Program-Victim of Crime Act (VOCA)	16.575		32,449
Victim Witness Staff Expansion (VOCA)	16.575		3,682
Victim Witness Staff Expansion (VOCA)	16.575		56,154
			<u>94,196</u>
Violence Against Women Prosecutor	16.588		3,653
Violence Against Women Prosecutor	16.588		69,785
Violence Against Women Investigator	16.588		2,425
Violence Against Women Investigator	16.588		45,858
			<u>121,721</u>
<u>Executive Office of the President -</u>			
<u>Office on National Drug Control Policy</u>			
High Intensity Drug Trafficking Area (HIDTA)	16.001	I8PHNP540Z	83,494
High Intensity Drug Trafficking Area (HIDTA)	16.001	G09HN0010A	330,372
High Intensity Drug Trafficking Area (HIDTA)	16.001	G10HN0010A	191,015
			<u>604,881</u>
Subtotal of U.S. Department of Justice Pass-Through Programs			<u>872,432</u>
Total U.S. Department of Justice			<u>\$ 1,766,979</u>
U.S. Department of Transportation			
Direct Programs:			
Section 5307 Urban Public Transportation	20.507		\$ 9,218
Section 5307 Urban Public Transportation	20.507		79,331
Section 5307 Urban Public Transportation	20.507		540,750
Section 5307 Urban Public Transportation	20.507		1,283,483
Section 5309 Urban Discretionary Transit	20.500		25,375
			<u>1,938,157</u>
Subtotal of U.S. Department of Transportation Direct Programs			<u>1,938,157</u>

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, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Pass-Through Programs From:			
<u>Texas Department of Transportation</u>			
Section 5310 Elderly & Disabled Transportation Program	20.513	51012F7269	105,052
Section 5310 Elderly & Disabled Transportation Program	20.513	51912F7217	152,283
Section 5317 New Freedom Federal Funds	20.521	51812F7074	48,316
Section 5317 New Freedom Federal Funds	20.521	51012F7307	160,607
Section 5311 State/Local Rural Public Transportation	20.509	51912F7150	188,380
Section 5311 State/Local Rural Public Transportation	20.509	51012F7206	28,083
Section 5311 State/Local Rural Public Transportation	20.509	51812F7098	74,350
Section 5311 Discretionary Funding	20.509	51012F7155	15,140
Section 5311 Discretionary Funding	20.509	51812F7259	52,170
Shiloh Lakes Dr to SH99 (ARRA)	20.205	CSJ 1415-02-041	1,483,483
FM 1093 to Shiloh Lakes Dr (ARRA)	20.205	CSJ 1415-02-037	2,710,893
W of Farmer Rd to US 90A (ARRA)	20.205	CSJ 0543-03-056	365,672
			<u>5,384,429</u>
<u>Houston Galveston Area Council</u>			
Fort Bend County Express	20.205	CSJ 912-72-030	37,955
			<u>37,955</u>
<u>Metropolitan Transit Authority of Harris County</u>			
Section 5317 New Freedom Federal Funds	20.521	TX57-X006	59,283
			<u>59,283</u>
Subtotal of U.S. Department of Transportation Pass-Through Programs			<u>5,481,667</u>
Total U.S. Department of Transportation			<u>\$ 7,419,824</u>
U.S. Department of Homeland Security			
Direct Programs:			
Emergency Food & Shelter - National Board Program	97.024		\$ 152,802
Emergency Food & Shelter - National Board Program	97.024		4,218
Emergency Food & Shelter (ARRA)	97.114		70,520
			<u>227,540</u>
Subtotal of U.S. Department of Homeland Security Direct Programs			<u>227,540</u>

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, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Pass-Through Programs From:			
<u>Texas Department of Public Safety -</u>			
<u>Division of Emergency Management</u>			
Urban Area Security Initiative (UASI) 2007	97.008	2007-GE-T7-0024	97,829
Urban Area Security Initiative (UASI) 2008	97.008	2008-GE-T8-0034	1,359,127
Urban Area Security Initiative (UASI) 2009	97.008	2009-SS-T9-0064	708,937
Urban Area Security Initiative (UASI-LEAP) 2009	97.008	2009-SS-T9-0064	28,843
			<u>2,194,736</u>
 Emergency Management Performance Grant	 97.042	 10-TX-EMPG-0511	 96,336
			<u>96,336</u>
 State Homeland Security Program (SHSP) 2007	 97.073	 2007-GE-T7-0024	 3,800
State Homeland Security Program (SHSP) 2008	97.073	2008-GE-T8-0034	72,211
State Homeland Security Program (SHSP) 2009	97.073	2009-SS-T9-0064	1,500
			<u>77,511</u>
 Buffer Zone (Sheriff's Office)	 97.078	 2007-BZ-T7-0023	 9,531
			<u>9,531</u>
 Subtotal of U.S. Department of Homeland Security Pass-Through Programs			 <u>2,378,114</u>
 Total U.S. Department of Homeland Security			 <u>\$ 2,605,654</u>
 U.S. Department of Health & Human Services			
Pass-Through Programs From:			
<u>Texas Department of Family & Protective Services</u>			
Foster Care Title IV-E FY '10 (Legal)	93.658	23357251	\$ 93,245
Foster Care Title IV-E FY '10 (CWS)	93.658	23380554	36,493
			<u>129,738</u>
 <u>Texas Juvenile Probation Commission</u>			
Title IV-E Foster Care Reimbursement Program	93.658	TJPC E-2010-079	241,548
Title IV-E Foster Care Reimbursement Program	93.658	TJPC E-2011-079	1,018
			<u>242,566</u>

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, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Texas Department of State Health Services</u>			
CPS - Bioterrorism Preparedness	93.283	2009-031827-001	288,981
CPS - Bioterrorism Preparedness	93.283	2010-035677-001	41,096
CPS - Bioterrorism Discretionary Fund Projects Phase II	93.283	2009-031276-001	3,165
CPS - Bioterrorism Discretionary Funds	93.283	2010-035029-001	6,345
			<u>339,587</u>
CRI - Cities Readiness Initiative	93.283	2010-035609-001	26,001
CRI - Cities Readiness Initiative	93.283	2009-031680-001	116,562
			<u>142,563</u>
RLSS - Local Public Health System	93.991	2011-035611-001	1,452
RLSS - Local Public Health System	93.991	2010-032780-001	27,738
			<u>29,190</u>
Nurse & Aide's Salaries - IMM/Locals	93.268	2011-035267-001	11,564
Nurse & Aide's Salaries - IMM/Locals	93.268	2010-031694-001	226,209
			<u>237,773</u>
PHER Focus Area	93.069	2010-033332	244,522
Tuberculosis Prevention & Control	93.116	2010-0354503	50,542
			<u>295,064</u>
<i>Total U.S. Department of Health & Human Services</i>			<u>\$ 1,416,481</u>
U.S. Department of Energy			
Direct Program:			
Texas Energy Efficiency & Conservation Block Grant (ARRA)	81.128	DE-EE000916	\$ 525,203
<i>Total U.S. Department of Energy</i>			<u>\$ 525,203</u>
U.S. Election Commission			
Pass-Through Programs From:			
<u>Texas Secretary of State</u>			
HAVA County Education Fund	39.011		\$ 3,974
HAVA General Compliance	90.401		49,922
<i>Total U.S. Election Commission</i>			<u>\$ 53,896</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 16,959,786</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, 2010

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, 2010. 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*. 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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County accounts for all 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 deferred 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	\$ 420,191
14.231	ESG Program	45,877
14.257	Homelessness Prevention & Rapid Re-Housing Program (ARRA)	66,998

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2010

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 - #10-01
b. Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes - #06-04 and #10-02
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 for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218; 14.253	Community Development Block Grant –
20.507	Entitlement Grants Cluster
20.205	Federal Transit Cluster
14.239	Highway Planning and Construction Cluster
	Home Investment Partnerships Program
16.001	Law Enforcement Assistance – Narcotics and
	Dangerous Drugs – Laboratory Analysis
93.283	Centers for Disease Control and Prevention –
	Investigations and Technical Assistance

Dollar threshold used to distinguish between Type A and Type B programs:	\$508,793
Auditee qualified as low-risk auditee?	No

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding #10-01 – 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.

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.

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.

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, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

Finding #06-04 – Grant Administration

Criteria

The grant administration function should be centrally managed so that all grant resources are timely and properly accounted for, recognized and reported. This function also should maintain records of all grants and potential grants including the grant's status, compliance requirements, grant funding amounts, amount of resources utilized in order to facilitate the objectives of the grant and names of responsible parties of the grantor and grantee (benefiting County department or function).

Condition

The County does not have an effective, centralized grant administration function. This results in an increased risk of grant resources not being properly accounted for, utilized or recognized. The County does not have the appropriate procedures in place to ensure that all expenditures of federal awards are included on the schedule of expenditures of federal awards provided to the independent auditor. This also increases the risk of grantees not meeting the grant compliance requirements or meeting its objectives and reporting requirements. This finding was communicated to those charged with governance in the prior fiscal year.

Cause

The County does not have a grant department that operates as the central hub for its grant administration.

Effect

Not having an effective centralized grant administration function results in grants being improperly accounted for and reported, higher risk of the County not meeting compliance requirements that may result in resources being refunded to the grantor and lack of monitoring of grants from the grant's implementation through conclusion. In addition, there is a higher risk of the County not including all expenditures of federal awards on the schedule of expenditures of federal awards.

Recommendation

The County should implement a centralized grant administration department which functions as a central hub from the beginning stages (e.g. grant research and application process) through conclusion (e.g. financial reporting). This department would be responsible for tracking the status of all current and potential grants, determine the grants compliance requirements and periodically assess whether or not such requirements are being met. In addition, the grant administration function would verify accounting records with source data from the grantor, maintain a listing of grantor and grantee contacts and other functions relating to grant administration.

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, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

Finding #10-02 – Budget Maintenance

Criteria

A reconciliation between the current amended budget and the original adopted budget should be prepared and reviewed periodically to ensure that all amendments to the original adopted budget meet the proper statutory requirements for such, and to also ensure all amendments to the original adopted budget have been approved by Commissioners Court.

Condition

The County does not reconcile the current amended budget to the original adopted budget on a periodic basis.

Cause

The County does not prepare and periodically review reconciliations between the current amended budget and the original adopted budget.

Effect

Not reconciling the current amended budget to the original adopted budget and not periodically reviewing this reconciliation results in an increased risk that amendments to the original adopted budget do not meet statutory requirements and also, amendments to the original adopted budget are not approved by Commissioners Court.

Recommendation

The County should implement policies and procedures to ensure that the current amended budget is reconciled to the original adopted budget, and that the reconciliation is reviewed on a monthly basis. More specifically, the County Budget Office should prepare the reconciliation each month and then submit the reconciliation to the County Auditor's Office for review. The monthly reconciliation should also include sufficient documentation to show that all amendments meet statutory requirements and that all amendments have been approved by Commissioners Court.

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, 2010

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, 2010

SECTION IV – STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Finding #06-04 – Grant Administration

See current year finding #06-04 in Section II.

Finding #07-01 – Formal, Written Closing Procedures

The year-end closing procedures have been developed and are being followed. The procedures continue to be revised and refined.

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2010

SECTION V – CORRECTIVE ACTION PLAN

Finding #10-01 – Accounting for Fines and Fees

Responsible Person – Ed Sturdivant, County Auditor

Corrective Action Plan

The courts management software implementation was completed during fiscal 2010. This application, Odyssey, will provide the detailed subsidiary receivable schedule that will allow the accurate posting of this asset to the County's financial records in fiscal 2011 and future fiscal years.

Estimated Completion Date – September 2011

Finding #06-04 – Grant Administration

Responsible Person – Commissioners Court

Corrective Action Plan

The County Judge's Office hired a grants administrator (executive assistant/grants) on February 14, 2011. Therefore this finding has been resolved.

Estimated Completion Date – February 2011

Finding #10-02 – Budget Maintenance

Responsible Person – Pamela Gubbels, Budget Officer

Corrective Action Plan

The Budget Office and the Auditor's Office will develop a process to review the budget amendments and reconcile to executed documents to ensure accuracy and compliance. This process will be incorporated into the County Budget Policy with approval of the Commissioners' Court by September 30, 2011.

Estimated Completion Date – September 2011