

FORT BEND COUNTY, TEXAS
FEDERAL SINGLE AUDIT REPORT
Year Ended September 30, 2011

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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 16, 2012. 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 #11-01) 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 deficiency described in the accompanying schedule of findings and questioned costs (item #11-02) to be a significant deficiency.

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 16, 2012

**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, 2011. 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, 2011.

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, 2011, and have issued our report thereon dated March 16, 2012, 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 16, 2012

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Direct Programs:			
Food Donation (Program Year 2010: 7/1/10 - 6/30/11)	10.550		\$ 6,354
National School Lunch / Breakfast Program 2010-2011	10.553		81,333
National School Lunch / Breakfast Program 2011-2012	10.553		18,504
Summer Food Service Program for Children	10.559		95,716
<u>Total U.S. Department of Agriculture</u>			\$ 201,908
 U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant 2003	14.218		\$ 62,711
Community Development Block Grant 2007	14.218		87,653
Community Development Block Grant 2009	14.218		537,108
Community Development Block Grant 2010	14.218		702,504
CDBG Disaster Recovery Entitlement Grant Program IKE Housing	14.228		452,240
CDBG Disaster Recovery Entitlement Grant Program IKE Non-Housing	14.228		41,009
Community Development Block Grant - Recovery (ARRA)	14.253		452,005
Shelter Care Plus Program	14.238		179,295
HOME Program 2009	14.239		197,246
HOME Program 2010	14.239		72,158
ESG Program 2008	14.231		22,215
ESG Program 2009	14.231		29,563
ESG Program 2010	14.231		64,620
Neighborhood Stabilization Program (HERA)	14.264		1,084,429
Homelessness Prevention & Rapid Re-Housing Program (ARRA)	14.262		344,750
<u>Total U.S. Department of Housing and Urban Development</u>			\$ 4,329,508
 U.S. Department of Justice			
Direct Programs:			
State Criminal Alien Assistance Program FY2011	16.606		\$ 169,604
FB County Court Team for Maltreated Infants & Toddlers	16.541		99,599
Edward Byrne Justice Assistance Grant FY2008	16.738		1,660
Edward Byrne Justice Assistance Grant FY2009 Recovery Act	16.738		122,223
Edward Byrne Justice Assistance Grant FY2009	16.738		2,653
Edward Byrne Justice Assistance Grant FY2010	16.738		74,468
Organized Crime Drug Enforcement Task Forces (0744)	N/A	DC#6610	120,976
Organized Crime Drug Enforcement Task Forces (0744)	N/A	DC#6605	3,296
Organized Crime Drug Enforcement Task Forces (0744)	N/A	DC#6604	116,201
Organized Crime Drug Enforcement Task Forces (0744)	N/A	DC#6602	9,241
Organized Crime Drug Enforcement Task Forces (0792)	N/A	DC#6601	9,241
Organized Crime Drug Enforcement Task Forces (0792)	N/A		15,448

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, 2011

<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>
Organized Crime Drug Enforcement Task Forces (0744)	N/A		17,202
Organized Crime Drug Enforcement Task Forces (0784)	N/A		1,489
Organized Crime Drug Enforcement Task Forces (0744)	N/A	DC#6611	25,321
Tactical Diversion Task Force	N/A		9,874
ATF-Houston Arson and Explosives Task Force	N/A		5,000
Total Direct Programs			<u>803,495</u>
Pass-Through Programs From:			
<u>State Criminal Justice Division</u>			
Felony Drug Court (CARD), Misdemeanor DWI Court (JAG)	16.738		140,000
Sex Offender Registration	16.738		129,863
Special Crimes Detective	16.738		6,485
Victim Services Program-Victim of Crime Act (VOCA)	16.575		2,619
Victim Services Program-Victim of Crime Act (VOCA)	16.575		35,540
Victim Witness Staff Expansion (VOCA)	16.575		5,534
Victim Witness Staff Expansion (VOCA)	16.575		67,115
Violence Against Women Prosecutor	16.588		70,239
Violence Against Women Prosecutor	16.588		5,945
Violence Against Women Investigator	16.588		42,891
Violence Against Women Investigator	16.588		3,526
Total Passed Through State Criminal Justice Division			<u>509,757</u>
<u>Executive Office of the President -</u>			
<u>Office on National Drug Control Policy</u>			
High Intensity Drug Trafficking Area (HIDTA)	95.001	G09HN0010A	69,576
High Intensity Drug Trafficking Area (HIDTA)	95.001	G10HN0010A	288,954
High Intensity Drug Trafficking Area (HIDTA)	95.001	G11HN0010A	121,156
Total Passed Through Office on National Drug Control Policy			<u>479,686</u>
Total Pass-Through Programs			<u>989,443</u>
<u>Total U.S. Department of Justice</u>			<u>\$ 1,792,938</u>
U.S. Department of Transportation			
Direct Programs:			
Section 5307 Urban Public Transportation	20.507		\$ 119,464
Section 5307 Urban Public Transportation	20.507		312,461
Section 5307 Urban Public Transportation	20.507		763,550
Section 5307 Urban Public Transportation	20.507		925,561
Section 5309 Urban Discretionary Transit	20.500		153,161
SH 36 Park and Ride	20.507		268,716
Section 5307 American Recovery Act (ARRA)	20.507		1,012,095
Total Direct Programs			<u>3,555,007</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, 2011

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Pass-Through Programs From:			
<u>Texas Department of Transportation</u>			
Section 5310 Elderly & Disabled Transportation Program	20.513	51012F7269	191,870
Section 5317 New Freedom Federal Funds	20.521	51012F7307	128,741
Section 5311 Rural American Recovery Act (ARRA)	20.509	51912F7288	263,616
Section 5311 Rural American Recovery Act (ARRA)	20.509	51112F7286	358,384
Section 5311 State/Local Rural Public Transportation	20.509	51012F7206	274,374
Section 5311 Discretionary Funding	20.509	51012F7155	192,093
Highway Planning and Construction (ARRA)	20.205	CSJ 1415-02-041	595,097
Highway Planning and Construction	20.205	CSJ 1415-02-037	792,340
Highway Planning and Construction	20.205	CSJ 0543-02-056	109,218
Total Passed Through Texas Department of Transportation			2,905,731
<u>Houston Galveston Area Council</u>			
Fort Bend County Express	20.205	CSJ 912-72-030	168,182
<u>Metropolitan Transit Authority of Harris County</u>			
Section 5316 Job Access/Reverse Commute Federal Funds	20.516		270,398
Section 5317 New Freedom Federal Funds	20.521	TX57-X006	383,065
Total Passed Through Metropolitan Transit Authority			653,463
Total Pass-Through Programs			3,727,376
<u>Total U.S. Department of Transportation</u>			\$ 7,282,383
U.S. Department of Homeland Security			
Direct Programs:			
Emergency Food & Shelter - National Board Program	97.024		\$ 22,180
Emergency Food & Shelter - National Board Program	97.024		135,399
Total Direct Programs			157,579
Pass-Through Programs From:			
<u>Texas Department of Public Safety -</u>			
<u>Division of Emergency Management</u>			
Urban Area Security Initiative (UASI) 2008	97.008	2008-GE-T8-0034	1,897,968
Urban Area Security Initiative (UASI-LEAP) 2008	97.008	2008-GE-T8-0034	188,639
Urban Area Security Initiative (UASI) 2009	97.008	2009-SS-T9-0064	848,082
Urban Area Security Initiative (UASI-LEAP) 2009	97.008	2009-SS-T9-0064	2,061,816
Urban Area Security Initiative (UASI) 2010	97.008	2010-SS-T0-0008	561,581
Urban Area Security Initiative (UASI-LETPA) 2010	97.008	2010-SS-T0-0008	617,289
Hazard Mitigation Program	97.039	DR 1791-194	54,800
Emergency Management Performance Grant	97.042	10-TX-EMPG-0511	110,786
State Homeland Security Program (SHSP) 2008	97.073	2008-GE-T8-0034	126,258
State Homeland Security Program (SHSP) 2009	97.073	2009-SS-T9-0064	53,700
State Homeland Security Program (SHSP) 2010	97.073	2010-SS-T0-0008	34,886
Total Passed Through Texas Department of Public Safety, Division on Emergency Management			6,555,805
<u>Total U.S. Department of Homeland Security</u>			\$ 6,713,384

The accompanying notes are an integral part of this schedule.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

<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 Health & Human Services			
Pass-Through Programs From:			
<u>Texas Department of Family & Protective Services</u>			
Foster Care Title IV-E FY '10 (Legal) (ARRA)	93.658	23380555	\$ 81,073
Foster Care Title IV-E FY '10 (CWS) (ARRA)	93.658	23380554	25,128
Total Passed Through Texas Department of Family & Protective Services			<u>106,201</u>
<u>Texas Juvenile Probation Commission</u>			
Title IV-E Foster Care Reimbursement Program	93.658	TJPC E-2011-079	58,440
<u>Texas Department of State Health Services</u>			
CPS - Bioterrorism Preparedness	93.283	2009-031827-001	75,237
CPS - Bioterrorism Preparedness	93.069	2010-035677-001	357,712
CPS - Bioterrorism Discretionary Funds	93.283	2010-035029-001	12,623
CPS - PPCPS (Old Bioterrorism Preparedness)	93.069	2011-038703	48,511
CRI - Cities Readiness Initiative	93.283	2010-035609-001	135,773
CRI - Cities Readiness Initiative	93.283	2009-031680-001	21,912
CRI - Cities Readiness Initiative	93.283	2011-038512	11,484
RLSS - Local Public Health System	93.991	2011-035611-001	21,094
Nurse & Aide's Salaries - IMM/Locals	93.268	2011-035267-001	224,807
Nurse & Aide's Salaries - IMM/Locals	93.268	2012-039516	36,121
PHER Focus Area	93.069	2010-033332	418,960
Tuberculosis Prevention & Control	93.116	2011-037504	47,218
Total Passed Through Texas Department of State Health Services			<u>1,411,454</u>
<u>Total U.S. Department of Health & Human Services</u>			<u>\$ 1,576,095</u>
U.S. Department of Energy			
Texas Energy Efficiency & Conservation Block Grant (ARRA)	81.128	DE-EE000916	\$ 1,873,537
<u>Total U.S. Department of Energy</u>			<u>\$ 1,873,537</u>
U.S. Election Commission			
Pass-Through Programs From:			
<u>Texas Secretary of State</u>			
HAVA General Compliance	90.401		\$ 258,071
<u>Total U.S. Election Commission</u>			<u>\$ 258,071</u>
U.S. Environmental Protection Agency			
FY05 EPA Stag Grant	66.606		\$ 92,061
FY06 EPA Stag Grant	66.606		81,300
<u>Total US Environmental Protection Agency</u>			<u>\$ 173,361</u>
<u>Total Expenditures of Federal Awards</u>			<u><u>\$ 24,201,185</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, 2011

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of the Fort Bend County, Texas (the “County”) under programs of the federal government for the year ended September 30, 2011. 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 sub recipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amounts Provided to Subrecipients</u>
14.218	Community Development Block Grant - Entitlement Grants	\$ 319,025
14.231	ESG Program	99,439
14.262	HPRP Program	198,937
16.738	Felony Drug Court (CARD), Misdemeanor DWI Court	140,000

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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 - #11-01
- b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes - #11-02

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>
20.500; 20.507	Federal Transit Cluster
20.513; 20.516; 20.521	Transit Services Programs Cluster
14.218	Community Development Block Grant – Entitlement Grants Cluster
20.205	Highway Planning and Construction Cluster
14.264	Neighborhood Stabilization Program
14.253	Community Development Block Grant-Recovery
81.128	Energy Efficiency and Conservation Block Grant Program
20.509	Formula Grants for Other Than Urbanized Areas
14.262	Homeless Prevention and Rapid Re-Housing Program
93.658	Foster Care Title IV-E

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Dollar threshold used to distinguish between type A and type
B programs: \$726,036

Auditee qualified as low-risk auditee? No

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

SECTION II- FINANCIAL STATEMENT FINDINGS

Finding #11-01 – 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
FOR THE YEAR ENDED SEPTEMBER 30, 2011

SECTION II- FINANCIAL STATEMENT FINDINGS (continued)

Finding #11-02 – Recording of Expenditures/Expenses

Criteria

Controls should be in place to ensure that expenditures/expenses are posted to the correct expenditure/expense categories at the point of original entry, and that such items are evaluated for appropriate treatment in a timely fashion during the normal course of business.

Condition

During the course of our audit, it was noted that certain items relating to sources and uses of funds from various financing activities were not optimally posted to various capital and expense categories.

Context

This condition was determined during the review process of financial statement presentation based on input from the financial advisor and other parties.

Effect

Not having controls in place to ensure that all expenditures/expenses are posted to the correct expenditure/expense category increases the likelihood that financial statements are misstated.

Cause

While the final controls necessary to detect and address categorization issues were operational, proper controls are not in place to ensure that expenditure/expenses are posted to the correct expenditure/expense category at the point of original entry, including invoices which are coded to expenditure/expense categories by external bookkeepers.

Recommendation

The County should implement controls to ensure that expenditure/expenses are posted to the correct expenditure/expense category. This might include obtaining input from the financial advisor regarding categorization of sources and uses for proceeds of certain borrowings at the point of original issuance and posting of the entries, as well as soliciting more contemporaneous comments from these parties on the results of the entries posted as a result.

Views of Responsible Officials and Planned Corrective Actions

See Section V.

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported.

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

SECTION IV- STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Finding #10-01 – Accounting for Fines and Fees

See current year finding #11-01 in Section II.

Finding #10-02 – Budget Maintenance

The Auditor's Office and Budget Office have developed a reconciliation process and are regularly reviewing the reconciliation for accuracy and compliance.

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

SECTION V-CORRECTIVE ACTION PLAN

Finding #11-01 – Accounting for Fines and Fees

Responsible Person – Ed Sturdivant, County Auditor

Corrective Action Plan

The implementation of the courts management software, Odyssey, was delayed during the 2011 fiscal year. This application will provide the detailed subsidiary receivable schedule that will allow the accurate posting of this asset to the County's financial records in fiscal 2012 and future fiscal years.

Estimated Completion Date – September 2012

Finding #11-02 – Recording of Expenditures/Expenses

Responsible Person – Ed Sturdivant, County Auditor

Corrective Action Plan

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

Estimated Completion Date – September 2012