

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

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, 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 state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Sautter & Co." with a period at the end.

Sugar Land, Texas
March 7, 2011



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

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

Compliance

We have audited Fort Bend County, Texas' (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Uniform Grant Management Standards Chapter IV State of Texas Single Audit Circular* that could have a direct and material effect on each of the County's major state programs for the year ended September 30, 2010. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; and, *Uniform Grant Management Standards Chapter IV State of Texas Single Audit Circular*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 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 state programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing

procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Uniform Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of State Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 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 state awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Uniform Grant Management Standards *Chapter IV State of Texas Single Audit Circular*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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



Sugar Land, Texas
March 7, 2011

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

| State Grantor/Pass-Through Grantor/Program Title | State Contract Number | Pass-Through Entity Identifying Number | State Expenditures and Indirect Costs |
|---|-----------------------|--|---------------------------------------|
| Texas Department of Transportation | | | |
| Direct Programs: | | | |
| Section 5311 State/Local Rural Public Transportation | 51012F7019 | | \$ 109,417 |
| Section 5311 State/Local Rural Public Transportation | 51112F7018 | | 12,608 |
| Total Texas Department of Transportation | | | \$ 122,025 |
| Texas Department of Criminal Justice - Community Justice Assistance Division | | | |
| Direct Programs: | | | |
| <u>Basic Supervision</u> | | | |
| Basic Supervision | 900 | | \$ 3,070,025 |
| Basic Supervision | 900 | | 165,757 |
| | | | <u>3,235,782</u> |
| <u>Diversion Programs</u> | | | |
| Mental Impairment | 015 | | 102,075 |
| Mental Impairment | 015 | | 5,373 |
| Drug Court | 016 | | 113,656 |
| Drug Court | 016 | | 5,934 |
| Substance Abuse | 018 | | 103,437 |
| Substance Abuse | 018 | | 5,405 |
| Progressive Sanctions | 019 | | 353,765 |
| Progressive Sanctions | 019 | | 19,934 |
| Aftercare Caseload | 023 | | 70,888 |
| Aftercare Caseload | 023 | | 4,955 |
| | | | <u>785,422</u> |
| <u>Community Corrections Programs</u> | | | |
| Non-English Speaking | 007 | | 149,142 |
| Non-English Speaking | 007 | | 8,435 |
| Pre-Trial Intervention | 008 | | 349,731 |
| Pre-Trial Intervention | 008 | | 13,021 |
| Sex Offender | 013 | | 171,145 |
| Sex Offender | 013 | | 9,200 |
| | | | <u>700,674</u> |
| <u>Treatment Alternative</u> | | | |
| Treatment Alternative | 010 | | 484,607 |
| Treatment Alternative | 010 | | 24,718 |
| | | | <u>509,325</u> |
| Total Texas Department of Criminal Justice - Community Justice Assistance Division | | | \$ 5,231,203 |
| Texas Juvenile Probation Commission | | | |
| Direct Programs: | | | |
| State Aid | TJPC-A-2010-079 | | \$ 354,006 |
| State Aid | TJPC-A-2011-079 | | 19,339 |

The accompanying notes are an integral part of this schedule.

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

| <u>State Grantor/Pass-Through Grantor/Program Title</u> | <u>State Contract Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>State Expenditures and Indirect Costs</u> |
|---|------------------------------|---|--|
| Progressive Sanctions JPO - Program F | TJPC-F-2010-079 | | 181,610 |
| Progressive Sanctions JPO - Program F | TJPC-F-2011-079 | | 10,607 |
| Commitment Reduction Program - Program C | TJPC-C-2010-079 | | 183,039 |
| Commitment Reduction Program - Program C | TJPC-C-2011-079 | | 12,049 |
| Salary Adjustment - Program Z | TJPC-Z-2010-079 | | 159,046 |
| Salary Adjustment - Program Z | TJPC-Z-2011-079 | | 11,925 |
| Community Corrections Assistance - Program Y | TJPC-Y-2010-079 | | 532,148 |
| Community Corrections Assistance - Program Y | TJPC-Y-2011-079 | | 27,259 |
| New Progressive Sanctions ISP | TJPC-O-2010-079 | | 48,797 |
| New Progressive Sanctions ISP | TJPC-O-2011-079 | | 2,931 |
| Special Needs - Program M | TJPC-M-2010-079 | | 51,399 |
| Special Needs - Program M | TJPC-M-2011-079 | | 2,977 |
| ICBP Regional - Program X | TJPC-X-2010-079 | | 95,242 |
| ICBP Regional - Program X | TJPC-X-2011-079 | | 3,446 |
| Diversionsary H | TJPC-H-2010-079 | | 318,609 |
| Total Texas Juvenile Probation Commission | | | \$ 2,014,429 |
| | | | |
| Office of the Governor - Criminal Justice Division | | | |
| Direct Programs: | | | |
| Saved By the Bell Delinquency Reduction Program | SF-10-J20-19587-03 | | \$ 67,652 |
| Felony Drug Court (CARD), Misdemeanor DWI Court | SF-10-A10-19191-03 | | 142,454 |
| Sex Offender Registration | SF-10-A10-20180-02 | | 48,068 |
| <i>Subtotal Office of the Governor - Criminal Justice Division Direct Programs</i> | | | <u>258,174</u> |
| | | | |
| Pass-Through Programs From: | | | |
| <u>Houston-Galveston Area Council</u> | | | |
| Law Enforcement Training Project (Gus George Academy) | SF-08-A10-14719-10 | | 93,463 |
| <i>Subtotal of Office of the Governor-Criminal Justice Division Pass-Through Programs</i> | | | <u>93,463</u> |
| Total Office of the Governor - Criminal Justice Division | | | \$ 351,637 |
| | | | |
| Texas Education Agency | | | |
| Direct Programs: | | | |
| Juvenile Justice Alternative Education Program (JJAEP) | TJPC P-2010-079 | | \$ 178,178 |
| Juvenile Justice Alternative Education Program (JJAEP) | TJPC P-2011-079 | | 8,905 |
| Total Texas Education Agency | | | \$ 187,083 |

The accompanying notes are an integral part of this schedule.

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

| State Grantor/Pass-Through Grantor/Program Title | State Contract Number | Pass-Through Entity Identifying Number | State Expenditures and Indirect Costs |
|---|-----------------------|--|---------------------------------------|
| Texas Department of State Health Services | | | |
| Direct Programs: | | | |
| Tuberculosis Prevention | 2010-032855-001 | | \$ 142,092 |
| Tuberculosis Prevention | 2011-035287-001 | | 8,198 |
| | | | <u>150,290</u> |
| Tobacco Community Coalition | 2010-032893-001 | | 210,059 |
| Tobacco Community Coalition | 2011-036913-001 | | 14,318 |
| | | | <u>224,377</u> |
| <i>Subtotal Department of State Health Services Direct Programs</i> | | | <u>374,667</u> |
| Pass-Through Programs From: | | | |
| <u>Southeast Texas Trauma Regional Advisory Council</u> | | | |
| EMS Trauma | | | 36,876 |
| <i>Subtotal of Department of State Health Services Pass-Through Programs</i> | | | <u>36,876</u> |
| Total Texas Department of State Health Services | | | <u>\$ 411,543</u> |
| Texas Comptroller of Public Accounts | | | |
| Direct Programs: | | | |
| State Tobacco Enforcement Program - Constable 2 | N/A | | \$ 2,746 |
| State Tobacco Enforcement Program - Constable 3 | N/A | | 5,101 |
| State Tobacco Enforcement Program - Sheriff | N/A | | 12,947 |
| State Tobacco Enforcement Program - Sheriff | N/A | | 1,079 |
| Total Texas Comptroller of Public Accounts | | | <u>\$ 21,873</u> |
| Texas Commission on Environmental Quality | | | |
| Direct Programs: | | | |
| Air Check Texas | 582-9-90416-14 | | \$ 1,293,259 |
| Low Income Vehicle Repair Assistance, Retrofit and Accelerated Retirement Program (LIRAP) Local Initiative Projects | 582-8-89960 | | 56,337 |
| <i>Subtotal Texas Commission on Environmental Quality Direct Programs</i> | | | <u>1,349,596</u> |
| Pass-Through Programs From: | | | |
| <u>Houston-Galveston Area Council</u> | | | |
| Solid Waste Implementation Grant - Local Enforcement Vehicle | 10-16-G13 | | 44,070 |
| Solid Waste Implementation Grant - HHW Program | 10-16-G11 | | 16,020 |
| Solid Waste Implementation Grant - Enhance Recycling Facility | 10-16-G23 | | 46,000 |
| <i>Subtotal Texas Commission on Environmental Quality Pass-Through Programs</i> | | | <u>106,090</u> |
| Total Texas Commission on Environmental Quality | | | <u>\$ 1,455,686</u> |
| Texas State Library & Archives Commission | | | |
| Direct Programs: | | | |
| Lone Star Libraries Grant | 442-10332 | | \$ 141,213 |
| Total Texas State Library & Archives Commission | | | <u>\$ 141,213</u> |

The accompanying notes are an integral part of this schedule.

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

| <u>State Grantor/Pass-Through Grantor/Program Title</u> | <u>State Contract Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>State Expenditures and Indirect Costs</u> |
|---|------------------------------|---|--|
| Office of the Attorney General | | | |
| Direct Programs: | | | |
| Victim Coordinator Liaison Grant FY2010 | 1014232 | | \$ 43,069 |
| Victim Coordinator Liaison Grant FY2011 | 1014232 | | 2,479 |
| | | | <u>45,548</u> |
| Texas VINE Program | 1012137 | | 25,817 |
| Texas VINE Milestone Program | 0810267 | | 33,812 |
| | | | <u>59,629</u> |
| Total Office of the Attorney General | | | <u>\$ 105,177</u> |
| Task Force on Indigent Defense | | | |
| Direct Programs: | | | |
| Formula Grant | 212-10-079 | | \$ 237,953 |
| Equalization Disbursement | N/A | | 519,798 |
| | | | <u>757,751</u> |
| Fort Bend County Mental Health Defender Program | 212-10-D18 | | 301,148 |
| | | | <u>301,148</u> |
| Total Task Force on Indigent Defense | | | <u>\$ 1,058,899</u> |
| Texas Historical Commission | | | |
| Historic Courthouse Preservation Program | Fort Bend-2010 | | \$ 36,375 |
| Total Texas Historical Commission | | | <u>\$ 36,375</u> |
| Texas Department of Family and Protective Services | | | |
| Direct Programs: | | | |
| Concrete Services | 23355842 | | \$ 2,633 |
| Total Texas Department of Family and Protective Services | | | <u>\$ 2,633</u> |
| Texas Parks and Wildlife Department | | | |
| Fort Bend County Regional Park & Trail | | | \$ 500,000 |
| Total Texas Parks and Wildlife | | | <u>\$ 500,000</u> |
| Texas Secretary of State | | | |
| Chapter 19 Elections Funds - 2008 | | | \$ 5,347 |
| Chapter 19 Elections Funds - 2009 | | | 21,351 |
| Total Texas Secretary of State | | | <u>\$ 26,698</u> |
| Total Expenditures of State Awards | | | <u>\$ 11,666,474</u> |

The accompanying notes are an integral part of this schedule.

FORT BEND COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended September 30, 2010

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards (the “schedule”) includes the state grant activity of Fort Bend County, Texas (the “County”) under programs of the state government for the year ended September 30, 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* and the State of Texas Uniform Grant Management Standards *Chapter IV Texas State Single Audit Circular*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County.

NOTE 2 - BASIS OF ACCOUNTING

The County accounts for all awards under programs of the state government in the General and Special Revenue Funds. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

State grant funds for governmental funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When such funds are advanced to the County, they are recorded as deferred revenues until earned. Otherwise, state grant funds are received on a reimbursement basis from the respective state program agencies. Generally, unused balances are returned to the grantor at the close of specified project periods.

NOTE 3 - SUBRECIPIENTS

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

| <u>State Contract Number</u> | <u>Program Name</u> | <u>Amounts Provided to Subrecipients</u> |
|------------------------------|--|--|
| SF-10-A10-19191-03 | Felony Drug Court (CARD), Misdemeanor DWI Court | \$ 142,454 |

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 |

STATE AWARDS

| | |
|---|-------------|
| Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | No |
| Type of auditors' report issued on compliance with major program: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) OMB Circular A-133? | No |

Identification of major programs:

| <u>State Contract Number(s)</u> | <u>Name of State Program</u> |
|--|--|
| Various | Texas Department of Criminal Justice – Community Justice Assistance Division Funded Programs |
| Various | Texas Juvenile Probation Commission Funded Programs |
| 2010-032855-001 / 2011-035287-001 | Texas Department of State Health Services – Tuberculosis Prevention |
| 442-10332 | Texas State Library and Archives Commission – Lone Star Library |
| | Fort Bend County Regional Park & Trail |

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

SECTION I - SUMMARY OF AUDITORS' RESULTS (continued)

| | |
|--|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$349,994 |
| 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 state awards are included on the schedule of expenditures of state 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 – STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters reported.

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

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