



# Texas Department of Criminal Justice

Brad Livingston  
Executive Director

September 19, 2014

**TO: Community Supervision and Corrections Department Directors**

**FROM: Barbara Evans, Director of Fiscal Management, TDCJ-CJAD**

**SUBJECT: FY 2014 Independent Audit Guidelines, Compliance Requirements, and Standard Reporting Formats**

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Attached are ten (10) pages of the FY 2014 Independent Audit Guidelines and twenty-one (21) pages of the Standard Reporting Formats. CSCDs are advised to discuss the detailed requirements and the following timetable for the FY 2014 audit with the independent auditors before concluding the engagement. This is to ensure that the auditors will be able to carry out the audit within the stated time period.

Without sufficient explanation and/or documentation, it is TDCJ-CJAD's practice to follow up with the CSCD and/or the independent auditor on all negative findings as a result of the independent audit.

- 1) Audit engagement letters, together with the audit firms' quality control review reports, are due to TDCJ-CJAD no later than **October 20, 2014**.
- 2) Only 2 copies of the audit report are due to TDCJ-CJAD by **March 31, 2015**.
- 3) A risk score analysis based on audit reviews by TDCJ-CJAD is prepared annually for each CSCD. This score takes into consideration financial information, audit results and audit findings, including timeliness of Audit, Accounting, and Insurance Benefits reports. **This risk score is used for follow-up audit purposes.**
- 4) Audit reports must disclose and list all vendors' contracts for offender services with values of \$100,000 or more that were entered into by the CSCDs and the respective contract amounts involved for FY 2014.
- 5) Submission of Contract Monitoring Plan copies is not required with the FY 2014 audit reports. However, CSCDs are required to have Contract Monitoring Plans (policies) on file at the CSCD pursuant to the *Contract Management Manual for TDCJ-CJAD Funding of Offender Services* for required monitoring of vendor payments and for contract compliance.

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Community Justice Assistance Division  
Carey A. Welebob, Division Director

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- 6) Remind your independent auditor to use the FY 2014 copy of the TDCJ-CJAD Compliance Checklist (copy enclosed). The FY 2014 Compliance Checklist is not to be altered. **The independent auditor may request a copy of the Compliance Checklist in Microsoft Word format by emailing David Peden at david.peden@tdcj.texas.gov.**
- 7) TDCJ-CJAD's Budget Section will accept FY 2014 budget adjustment requests through September 30, 2014. These budget adjustments will be reviewed, approved or disapproved by TDCJ-CJAD. However, budget adjustments will not be accepted by TDCJ-CJAD after September 30, 2014.
- 8) You must give the independent auditor the last TDCJ-CJAD approved budget/budget adjustment for use in the audit.
- 9) Per the *Financial Management Manual for TDCJ-CJAD Funding*, July, 2012 edition, Pages 9-10, TDCJ-CJAD will require **refunds** from CSCDs for all expenditures noted in the independent audit that are in excess of \$15,000 or 15%, whichever is greater, of the last TDCJ-CJAD approved line item amount. Any expenditures above these limits will be deemed "unauthorized expenditures" and subject to refund from the Basic Supervision fund in the fiscal year that the audit report is reviewed by TDCJ-CJAD.

Please provide a copy of these instructions, guidelines and the standard reporting formats to your independent auditor. If you have any questions, please contact me at (512) 463-8846. Thank you for your attention to these requirements.

cc: Fiscal Officers

**Texas Department of Criminal Justice  
Community Justice Assistance Division**

**Fiscal Year 2014**

**Independent Audit Guidelines**

**September 19, 2014**

## FY 2014 INDEPENDENT AUDIT GUIDELINES

The Texas Department of Criminal Justice - Community Justice Assistance Division (TDCJ-CJAD) acknowledges the funding recipient's responsibility for all funds received. It is the responsibility of each funding recipient to arrange for an annual financial and compliance audit as stipulated below.

### Audit Engagement Letters

A copy of the independent audit engagement letter is due to TDCJ-CJAD no later than October 20, 2014. The independent audit firm should also attach a copy of its quality control review report with the engagement letter. *Government Auditing Standards* require organizations conducting audits for governmental departments to have an external quality control review at least once every three (3) years by an organization not affiliated with the organization being reviewed. TDCJ-CJAD will review the engagement letters to ensure that the recommended terms are included. Any engagement letter that does not include the recommended terms must be rewritten **to include those terms**. The recommended terms are as follows:

- The engagement letter is to state that the audit is to be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.
- The engagement letter is to indicate that any audit opinion expressed will state that the reports are presented in accordance with TDCJ-CJAD reporting requirements. Reference *Audit Guidelines, Compliance Requirements, and Standard Reporting Formats, Financial Management Manual for TDCJ-CJAD Funding, Contract Management Manual for TDCJ-CJAD Funding of Offender Services*, and applicable laws and regulations.
- The engagement letter is to state that TDCJ staff and/or State Auditor's staff will be granted reasonable access to the work papers upon written request.
- The engagement letter is to state that audit work papers are to be retained for not less than three (3) years from the date of the audit report.
- The engagement letter is to state the cost of the Independent Audit of the Community Supervision and Corrections Department, independent of the County or Counties within the judicial district.

### General Audit Objectives

To determine that the funding recipient has set up and used appropriate financial and administrative systems of controls to discharge management responsibilities effectively and to accomplish program objectives;

To determine whether the financial reports submitted to TDCJ-CJAD contain accurate and reliable financial data;

To determine if the financial statements are presented fairly in accordance with TDCJ-CJAD financial reporting requirements;

To determine whether TDCJ-CJAD funds and locally generated funds in state budgets are expended in accordance with TDCJ-CJAD approved budgets;

To determine that the funding recipient has no instances of non-compliance required to be reported under the *Government Auditing Standards* issued by the Comptroller General of the United States; and

To determine that the funding recipient has no instances of non-compliance with requirements outlined in the *Financial Management Manual for TDCJ-CJAD Funding* and in the *Contract Management Manual for TDCJ-CJAD Funding of Offender Services* that are required to be reported to TDCJ-CJAD.

## COMPLIANCE REQUIREMENTS

### Applicable Laws and Regulations

To audit, the independent auditor must follow the requirements of generally accepted auditing standards and the *Government Auditing Standards*, including Chapter 4.05, issued by the Comptroller General of the United States. The auditor must also be knowledgeable of the following:

- Article 42.12 of the Texas Code of Criminal Procedures;
- Chapter 76 and Chapter 509 of the Texas Government Code;
- Compliance with bidding requirements, per Texas Local Government Code, Chapter 262, Subchapter C;
- Texas Local Government Code, Chapter 140;
- Texas Family Code, Section 157.213;
- *The Financial Management Manual for TDCJ-CJAD Funding*, revised July 1, 2012 (available from TDCJ-CJAD);
- *The Contract Management Manual for TDCJ-CJAD Funding of Offender Services* (available from TDCJ-CJAD);
- TDCJ-CJAD Policy Statements (available from TDCJ-CJAD);
- The TDCJ-CJAD Standards for CSCDs, revised May 2013 (Financial Section only); and
- TDCJ-CJAD Standard and Special Conditions for receiving grant funds as numerated in the Grant Award Statements for Diversion Programs (DP) and Treatment Alternative to Incarceration Programs (TAIP).

### General Requirements

- All TDCJ-CJAD administered funds and locally generated program funds are to be audited, including Basic Supervision, Community Corrections (CC) Program Funds, Diversion Program (DP) Funds, and Treatment Alternative to Incarceration Program (TAIP) Funds.
- Audits are to cover the 12-month period of September 1, 2013 through August 31, 2014.
- Financial statements must be prepared using the modified accrual basis of accounting.
- As defined in the *Financial Management Manual for TDCJ-CJAD Funding*, revised July 1, 2012, revenues and expenditures accrued as of August 31, 2014 and those goods received and paid for as of October 31, 2014, if covered by a purchase order issued by August 31, 2014, are to be included in the Fiscal Year 2014 Quarterly Financial Reports.
- To be in compliance with State requirements, CSCDs must have and operate by an existing policy on budget approval, and the policy must be approved in an open meeting by the judges charged with oversight of the CSCD (Government Code, Section 76.002, and *Financial Management Manual for TDCJ-CJAD Funding*).
- Audit Reports **must** disclose and list all vendor contracts for offender services with values of \$100,000 or more per contract, or per same-type service, along with the amounts per contract. Even though contracts are required for same-type services over \$5,000, if contracts, or same-type services, are less than \$100,000, disclose that there were none valued at \$100,000 or more.

- Audit Reports **must** disclose and list in the Notes all other funding sources for the CSCD (sources other than TDCJ-CJAD), including, but not limited to, grants from other sources, county contributions, fees authorized by statute, fees collected pursuant to Family Code, Section 157.213 (civil fees), payments from offenders in lieu of performing community service restitution work, bond supervision funds, and other fees collected by the CSCD that are not associated with programs funded by TDCJ-CJAD. This discloser must include:
  1. The source of the funds,
  2. The amount collected,
  3. Any restrictions on fund use by the grantor,
  4. Whether or not the funds were expended in accordance with any applicable limitations, and
  5. The August 31, 2014 fund balance.
  
- The CSCD is to confirm for the auditor its final TDCJ-CJAD approved budget for all programs before providing the information to the independent auditor. Year-end budget adjustments for FY 2014 will be reviewed and approved/disapproved by TDCJ-CJAD if received by September 30, 2014 (one month after the end of the fiscal year.) Independent auditors are instructed that only budgets approved by TDCJ-CJAD should be referred to in performing the financial audit.
  
- A schedule of differences between the Audit Report and the CSCD's Quarterly Financial Reports shall be prepared for each program, whether or not a difference exists. **Detailed and specific explanations** should be given for any differences between the amounts in the Audit Report and the amounts in the CSCD Quarterly Financial Reports previously submitted to TDCJ-CJAD. For example, “The difference in Supervision Fees amounting to \$500 was caused by the timing difference of reporting the August receipts of the previous fiscal year.” Please note that responses such as “Differences in Supervision Fees amounting to \$500 were caused by timing difference” are not specific and will not be acceptable.
  
- All audit findings and recommendations regarding financial and compliance matters are to be thoroughly addressed in the exit conference, as well as in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
  
- Independent Audit Reports are to include the description of all relevant funds received by the CSCD as contained in the *Financial Management Manual for TDCJ-CJAD Funding*.

Two copies of the audit reports are due to TDCJ-CJAD by March 31, 2015.

## STANDARD REPORT CONTENTS

**Minimum** standards—report contents—will include the following:

Please note that these standards are not to be construed as a limitation on reporting. Any material findings and/or questioned costs observed should be disclosed, regardless of the TDCJ-CJAD reporting requirements.

- An Independent Auditor's Opinion.
- A Combined Statement of Financial Position.
- A Combined Statement of Revenues, Expenditures and Changes in Fund Balances.
- A Combining Statement of Revenues, Expenditures and Changes in Fund Balances for the Community Corrections (CC) Programs, if more than one CC Program.
- A Combining Statement of Revenues, Expenditures and Changes in Fund Balances for the Diversion Programs (DP), if more than one DP Program.
- Individual Statements of Revenues, Expenditures and Changes in Fund Balances for each program, reflecting Budget, Actual, and Variance.
- Individual Schedule of Differences between the actual amounts per the Audit Report and the amounts reported in the CSCD's Quarterly Financial Report to TDCJ-CJAD, along with detailed and specific explanations of all differences.
- Applicable Notes to the Financial Statements must include, but are not limited to, the following Notes. If the Note is not applicable to the CSCD, or if there is nothing to report in the Note, please state that fact. (See examples)
  1. Summary of Significant Accounting Policies, including:
    - Reporting Entity (CSCD is a specialized local entity, not part of the County nor part of TDCJ-CJAD),
    - The accounting basis,
    - Budgets (accounting and legal compliance),
    - Encumbrance Accounting, and
    - Compensated Absences Policy with liability amount at August 31, 2014.
  2. Description of State Aid funding.
  3. Cash, Petty Cash, and Investments.
  4. Explanations for line item expenditures that exceed \$15,000 or 15% (whichever is greater) of the TDCJ-CJAD approved line item budgeted amount in individual programs.
  5. Funds from sources other than TDCJ-CJAD (see previously listed general requirements).
  6. Any accounts and/or interfund transfers receivables and/or payables as of August 31, 2014.
  7. Vendor Contracts Exceeding \$100,000.
  8. Commitments and Contingencies.
  9. Prior Period Adjustments and Refunds.
  10. Subsequent Events.
- Independent Auditor's Report on Compliance and on Internal Control.
- Schedule of Findings and Questioned Costs for FY 2014, including the independent auditor's recommendations for alleviating such findings in the future or for correcting certain findings.
- Follow-up on findings of the previous Fiscal Year. Reference Government Auditing Standards, Chapter 4.05, 2011 Revision, as issued by the Comptroller General of the United States that states, **“Auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the financial statements or other financial data significant to the audit objectives.”**



- TDCJ-CJAD Compliance Checklist (as revised and attached herewith), bound with the audit report. **The FY 2014 Compliance Checklist is not to be altered** from the TDCJ-CJAD version. The independent auditor may request a copy of the Compliance Checklist in Microsoft Word format by emailing David Peden at david.peden@tdcj.texas.gov.
- Any letters to management as a result of the audit and the response by management.

### **Reporting Reminders**

- All disbursements from the State to the funding recipient should be reported as Revenues.
- Balances Due to the State from previous fiscal years should be reported as reductions to Fund Balances.
- Deobligated funds should be reported as negatives (decreases) to State Aid Revenues.
- Funds set aside for pending lawsuits, accumulated leave balances for retiring employees (per *Financial Management Manual for TDCJ-CJAD Funding*, Page 12), construction-related funds, or FY 2014 funds for other purposes for which specific permission was obtained from TDCJ-CJAD to be carried over or encumbered from previous fiscal years are to be disclosed, audited, and reported in the financial statements. Special waiver encumbrances are to be reported as “directed by the TDCJ-CJAD.”

### **Audit Tracking**

- The Fiscal Management Section of TDCJ-CJAD will coordinate audit review activities.
- TDCJ-CJAD will follow up on any deficiencies, questioned costs, audit findings, and resolution of findings noted in the financial and compliance audit reports.

## DEFINITIONS

**Balances Due to the State** (Refund Due to the TDCJ-CJAD) are unexpended funds payable to the TDCJ-CJAD following the end of the second fiscal year of each legislative biennium.

**Community Corrections Facility (CCF)** is a residential program operated by the CSCD.

**Community Supervision Fees** are fees collected directly from offenders. These fees should be budgeted and reported only in Basic Supervision.

**County Treasury** is the county's bank account in the county depository (banking institution). All funds in the County Treasury are under the control of the county treasurer and are disbursed by the county treasurer (or county auditor if there is no county treasurer).

**Dedicated Salary Funds** are specifically targeted salary increases for community supervision officers (CSOs) and direct care staff. These funds were appropriated by the 81<sup>st</sup> Legislature at a 3.5% increase from salaries as of August 31, 2009 for FY 2010 and another 3.5% increase of the August 31, 2009 salaries for FY 2011. Fiscal years 2012 through 2014 were funded at the same rate as FY 2011.

**Deobligated Funds** are State funds that have been removed from the budget by the CSCD and subsequently returned to the TDCJ-CJAD, normally during the same fiscal year in which the funds were awarded.

**Funding Recipient** is the Community Supervision and Corrections Department (CSCD) or a governmental or nonprofit organization that receives TDCJ-CJAD funds to carry out an approved program.

**Independent Auditor** is a certified public accountant licensed by the Texas State Board of Public Accountancy. The independent auditor meets the independence standards specified in the Government Auditing Standards issued by the Comptroller General of the United States.

**Interest Income** is revenue resulting from investment of funds. Interest income should be budgeted and reported only in Basic Supervision.

**Interfund Transfer** is movement of funds between CSCD programs, not between a CSCD program and county funds. If funds are moved between programs funded by two different sources (for example, from Basic Supervision to a Community Corrections funded program), then the "Interfund Transfer" line is used. However, if funds are moved between two Community Corrections (CC) funded programs, or between two Diversion Programs (DP) (i.e., two like-type funded programs), then the "State Aid" line is either reduced or increased in the affected CC or DP programs. For programs funded by DP or TAIP funds, movement of funds (normally into the program) is on the "Interfund Transfer" line when the funds come from the Basic Supervision program or a CC program. Movement of DP funds from one DP-funded program to another DP program requires prior written approval from the TDCJ-CJAD.

**Modified Accrual Basis of Accounting** requires that revenues are recognized when "measurable and available" and that expenditures are recognized in the "accounting period in which the fund liability is incurred." For reporting purposes, the TDCJ-CJAD requires all CSCDs to recognize, in the fiscal year being audited, all revenues and expenditures accrued by August 31, 2014. To be reportable, any ordered goods must be received and the expenditures for those goods paid by October 31, 2014, provided that a

valid purchase order was issued by August 31, 2014 unless a special waiver has been issued by the TDCJ-CJAD.

**Other Revenue** may be budgeted and reported in any program to which it is related.

**Payments by Program Participants** are fees collected directly from offenders for their share of costs for various programs operated by the CSCD. These program participant fees may be budgeted and reported in any program to which they are collected and related; i.e., Basic Supervision, Community Corrections, Diversion Program, or TAIP.

**Quarterly Financial Reports** (and other financial reports required by TDCJ-CJAD) are interim financial report forms that are prepared on the basis of specific TDCJ-CJAD guidelines. The guidelines do not necessarily conform to accounting principles generally accepted in the United States.

**Questioned Costs** are costs challenged in an audit report or in a review of an audit report.

**State Aid** is funds provided to the CSCDs from the TDCJ-CJAD for basic operations and program costs.

**State Aid: SAFPF** is funds from the TDCJ-CJAD for officers supervising and providing aftercare for offenders released from TDCJ Substance Abuse Felony Punishment Facilities (SAFPF). These funds should be budgeted and reported only in Basic Supervision.

**Unallowed Expenditures** are the amounts reported in the independent audit report that are listed as unallowable in the *Financial Management Manual for TDCJ-CJAD Funding*.

**Unauthorized Expenditures** are the amounts reported in the independent audit report that are in excess of \$15,000 or 15%, whichever is greater, of the line item amount in the last TDCJ-CJAD approved CSCD budget.

## INFORMATIONAL ITEMS SPECIFIC TO FY 2014

### 1. FY 2014 Dedicated Salary Funds

- a. Funds were appropriated by the 81<sup>st</sup> Legislature specifically for community supervision officers (CSOs) and direct care staff salary increases of 3.5% of the salaries as of August 31, 2009 for FY 2010 and another 3.5% increase of the August 31, 2009 salaries for FY 2011. These funds were under Rider 80 to the TDCJ appropriations. In the FY 2012 – FY 2014 biennium, appropriations of the Dedicated Salary Funds are included in the Diversion Program (DP) grant funds appropriation and accounted for within the Basic Supervision programs, at the same rate as FY 2011.
- b. It was recommended that the CSCDs assign separate payroll codes for these funds and track the payments to employees separately from other CSCD funds.
- c. One Grant Award Statement was issued to each CSCD that had eligible employees for the total amount of salary increase funds for FY 2014.
- d. Due to the fact that these are Diversion Program (DP) grant funds, and normally DP programs do not transfer funds to other programs, they have been disbursed by the TDCJ-CJAD as Basic Supervision funds.
  - (1) CSCDs were instructed to perform Interfund Transfers of dedicated salary funds from Basic Supervision to each program to which eligible positions were assigned.
  - (2) As an alternative, CSCDs could pay all dedicated salary amounts directly from Basic Supervision for all eligible employee positions.
- e. Actual dedicated salary revenue and expenditure amounts continue to be reported on the regular TDCJ-CJAD Quarterly Financial Reports within the regular State-Aid revenue line item for Basic Supervision and in the regular Salaries and Fringe Benefits line item in individual programs after funds are transferred from Basic Supervision to specific programs.
- f. Any dedicated salary refunds at the end of FY 2014 will be in the regular program's fund balance that is carried over to FY 2015. There is no need to report separately the dedicated salary fund balance.

### 2. FY 2014 Fund Balances

- a. FY 2014 fund balances in all programs carry forward to the CSCDs' FY 2015 program budgets.
- b. There are no refunds to TDCJ-CJAD of FY 2014 fund balances.

**Texas Department of Criminal Justice  
Community Justice Assistance Division**

**Fiscal Year 2014**

**Standard Reporting Formats**

**September 19, 2014**

(INDEPENDENT AUDITOR LETTERHEAD)

**EXAMPLE OF UNMODIFIED OPINION**

(County Name) Community Supervision and Corrections Department  
(City Name), Texas

(See AICPA Audit and Accounting Guide for *Audits of State and Local Governmental Units* for additional formats in case a modified opinion is to be issued.) (Please insert the Administrative County Name, not the district number.)

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the (County Name) Community Supervision and Corrections Department (CSCD), which comprise the consolidated statement of financial position as of August 31, 2014, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated (date of report).

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Texas Department of Criminal Justice – Community Justice Assistance Division (TDCJ-CJAD); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is significant and appropriate to provide a basis for our opinions.

**Opinion**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities of the (County Name) Community Supervision and Corrections Department, as of August 31, 2014, and the respective changes in financial position and cash flows thereof for the year ended, in accordance with the financial reporting provisions of the TDCJ-CJAD as described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the TDCJ-CJAD, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the TDCJ-CJAD. Our opinion is not modified with respect to that matter.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present the operations of the (County Name) Community

Supervision and Corrections Department only, and are not intended to present fairly the financial position of *(County Name)* County, Texas and the results of its operations in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the *(County Name)* Community Supervision and Corrections Department's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The *(refer to specific supplementary schedules, such as combining and individual fund financial statements and schedule of differences)* are the responsibility of management and were derived from and relate 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated *(date of report)*, on our consideration of the *(County Name)* Community Supervision and Corrections Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *(County Name)* Community Supervision and Corrections Department's internal control over financial reporting and compliance.

### **Restriction of Use**

This report is intended solely for the information and use of the management of *(County Name)* Community Supervision and Corrections Department, others within the organization, and the Texas Department of Criminal Justice - Community Justice Assistance Division and is not intended to be and should not be used by anyone other than these specified parties.

Firm's signature and name

Date

(Signed by Independent Auditor)

(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT

COMBINED STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2014

(All TDCJ-CJAD funding sources should be included, **please do not include unbudgeted funding sources or individual program names.**) (Please insert the Administrative County Name, not the judicial district number.)

	Basic Supervision	Community Corrections	Diversion Programs	TAIP	Total
<b>ASSETS</b>					
<b>Cash and Investments</b>					
Bank Balances	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Petty Cash	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Time Deposits	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Total Cash and Investments	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>Accounts Receivable</b>					
Community Supervision Fees	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Due From TDCJ-CJAD	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Due From Other CSCD Program	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Due From ____ County	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Due From _____	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Total Accounts Receivable	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>Total Assets</b>	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Due To TDCJ-CJAD	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Due To Other CSCD Program	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Due To ____ County	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Due To _____	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Total Liabilities	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Fund Balance	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>Total Liabilities and Fund Balance</b>	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00

The accompanying notes are an integral part of these financial statements.



(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT  
 COMBINED STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED AUGUST 31, 2014

*(NOTE: All TDCJ-CJAD funding sources should be included, please do not include unbudgeted funding sources or individual program names.) (Please insert the Administrative County Name, not the judicial district number.)*

	Basic Supervision	Community Corrections	Diversion Programs	TAIP	Total
<b>REVENUE</b>					
State Aid	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
State Aid: SAFPF	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Community Supervision Fees	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Payment by Program Participants	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Interest Income	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Other Revenue	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>Total Revenue</b>	<b>\$ 00,000.00</b>	<b>\$ 00,000.00</b>	<b>\$ 00,000.00</b>	<b>\$ 00,000.00</b>	<b>\$ 00,000.00</b>
<b>EXPENDITURES</b>					
Salaries and Fringe Benefits	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Travel and Furnished Transportation	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Contract Services for Offenders	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Professional Fees	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Supplies and Operating Expenses	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Facilities	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Utilities	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Equipment	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>Total Expenditures</b>	<b>\$ 00,000.00</b>	<b>\$ 00,000.00</b>	<b>\$ 00,000.00</b>	<b>\$ 00,000.00</b>	<b>\$ 00,000.00</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>					
	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>FUND BALANCE 9/1/2013</b>					
FUND BALANCE 9/1/2013	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Prior Period Adjustment	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Interfund Transfer In (Out)	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<hr/>					
Fund Balance before Refund to TDCJ-CJAD *	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Refund Due to TDCJ-CJAD *	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>FUND BALANCE 8/31/2014</b>	<b>\$ 00,000.00</b>	<b>\$ 00,000.00</b>	<b>\$ 00,000.00</b>	<b>\$ 00,000.00</b>	<b>\$ 00,000.00</b>

The accompanying notes are an integral part of the financial statements.

\* If applicable

(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT  
 (City Name), TEXAS

(Please insert the Administrative County Name, not the judicial district number.)

ALL COMMUNITY CORRECTIONS FUNDS (or All Diversion Program Funds)  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED AUGUST 31, 2014

	CCP Program (or DP Program) (Name)	CCP Program (or DP Program) (Name)	Total (All CCP or All DP Funds)
<b>REVENUE</b>			
State Aid	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
State Aid: SAFPF	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Community Supervision Fees	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Payment by Program Participants	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Interest Income	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Other Revenue	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Total Revenue	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>EXPENDITURES</b>			
Salaries and Fringe Benefits	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Travel and Furnished Transportation	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Contract Services for Offenders	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Professional Fees	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Supplies and Operating Expenses	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Facilities	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Utilities	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Equipment	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Total Expenditures	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>FUND BALANCE 9/1/2013</b>	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>			
Prior Period Adjustment	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Interfund Transfer In (Out)	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Fund Balance before Refund to CJAD *	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Refund Due to CJAD *	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>FUND BALANCE 8/31/2014</b>	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00

The accompanying notes are an integral part of the financial statements.

\* If applicable

(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT  
 (City Name), TEXAS  
 INDIVIDUAL STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL, AND VARIANCE  
 FOR THE YEAR ENDED AUGUST 31, 2014  
 (Please insert the Administrative County Name, not the judicial district number.)  
 BASIC SUPERVISION (OR COMMUNITY CORRECTIONS—SPECIFIC PROGRAM OR  
 DIVERSION PROGRAM—SPECIFIC PROGRAM OR TAIP)

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>			
State Aid	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
State Aid: SAFPF	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Community Supervision Fees	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Payment by Program Participants	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Interest Income	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Other Revenue	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Total Revenue	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>EXPENDITURES</b>			
Salaries and Fringe Benefits	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Travel and Furnished Transportation	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Contract Services for Offenders	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Professional Fees	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Supplies and Operating Expenses	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Facilities	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Utilities	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Equipment	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Total Expenditures	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>FUND BALANCE 9/1/2013</b>	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Prior Period Adjustment	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Interfund Transfer In (Out)	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Fund Balance before Refund to CJAD *	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Refund Due to CJAD *	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>FUND BALANCE 8/31/2014</b>	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00

The accompanying notes are an integral part of the financial statements.

\* If applicable

## NOTES TO THE FINANCIAL STATEMENTS (Examples and Instructions)

Included are twelve (11) Notes' *examples* and informational instructions. All of the following Notes must be included in the audit report. If the Note is not applicable, please state that fact. Any additional Notes deemed necessary by the Independent Auditor should be included.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity** (*Comments should address all TDCJ-CJAD funding sources at the CSCD.*) (*Required to be stated with additional descriptions.*)

The accompanying financial statements include the revenue of the (**Administrative** County Name, not judicial district number) Community Supervision and Corrections Department (CSCD) related to the receipt of funds administered by the Community Justice Assistance Division of the Texas Department of Criminal Justice from State Appropriations for the Basic Supervision Fund, Community Corrections Program Funds, Diversion Program Grant Funds, Treatment Alternative to Incarceration Program Grant Funds, local fees collected for the use of the CSCD, and the expenditure of those funds. (**Note:** Only include fund types actually funded to the CSCD. Include the fund TYPE, not the name of a program. If needed in the description, add the judicial district number and other counties covered by the CSCD.)

**The (Administrative County Name, not judicial district number) Community Supervision and Corrections Department, a special purpose district of state government, was organized to provide certain adult probation services to judicial districts.** (*Note: CSCDs are specialized local entities and not departments of any county nor are they a department of the TDCJ-CJAD.*)

#### **Basis of Accounting**

*Describe, including basis of accounting prescribed by the TDCJ-CJAD, revenue recognition policies, the method of encumbrance accounting and reporting, and any change in accounting policies from the previous year. Edit paragraphs 2 and 3 below as needed.*

**Since the Department receives funding from State government, it must comply with requirements of the State. Therefore, the financial statements were prepared using the basis of accounting prescribed by the TDCJ-CJAD, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.**

*Basis of accounting refers to the time at which revenues and expenditures are recognized in the accounts and reported in the statements. The accounts of (County Name) CSCD are organized on the basis of fund accounting. Under fund accounting, each fund is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Resources are allocated to and accounted for in a fund based upon the source of the funds and the purposes for which they may be spent and the means by which the spending activities are controlled. Revenues and expenditures are accounted for using either the cash basis of accounting or the modified accrual basis of accounting until the last quarter when the modified accrual basis of accounting must be used.*

*The modified accrual basis of accounting is followed in that revenues are recorded when susceptible to accrual; i.e., earned, measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received by October 31, 2014 for financial activity performed by August 31, 2014, are considered available. Also, purchases for which the commitment has been established by August 31, 2014, are considered liabilities regardless of whether possession of these goods has been received by August 31, provided that the liability purchase is received and is paid by October 31, 2014. Exception to this method of accounting is the recording of refunds*

to the State as reductions of Fund Balance.

### **Budgets (Accounting and Legal Compliance)**

*Describe basic budget procedures including: prepared at the beginning of each biennium, approved by the district judge(s) in an open meeting, submitted to TDCJ-CJAD for approval, amendments, etc.*

The budgets governing the funding to the programs are approved by the district judges and the criminal court-at-law judges with jurisdiction over the department in an open meeting and by the Texas Department of Criminal Justice – Community Justice Assistance Division. Only budget adjustment requests, at year-end, received by September 30, 2014 will be reviewed and approved/disapproved by TDCJ-CJAD. TDCJ-CJAD will not accept budget adjustments after September 30, 2014 for the previous fiscal year. Only budget adjustments approved by TDCJ-CJAD should be referred to in performing the financial audit. **(Note: This paragraph can be amended, as needed, to describe the individual procedures of each CSCD.)**

### **Encumbrance Accounting**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized. All encumbrances not liquidated by October 31, 2014 became part of the subsequent year's budget. **(Note: This paragraph can be amended, as needed, to describe the individual procedures of each CSCD. Also, if encumbrance accounting is not used state that fact.)**

### **Compensated Absences**

*Give a brief description of the CSCD's paid leave policies for carryover, even if CSCD personnel cannot carryover balances into the following fiscal year. Several CSCDs have encountered a very high financial burden because of tenured employees leaving employment. Please include the liability dollar amount at August 31, 2014 in this Note.*

## **2. FUNDING SOURCES - STATE AID**

### **Basic Supervision Funds**

The state funding is a per capita allocation based on statistics from the previous full calendar year. The per capita formula includes calendar year misdemeanor placements, direct felony and felony pre-trial cases. Funding is first allocated to misdemeanor placements for 182 days. The remaining funding is allocated to felons under direct community supervision and pre-trial supervision based on the CSCD's share of the state total population of direct and pre-trial felons. Basic Supervision is distributed only to CSCDs.

### **Community Corrections (CC) Program Funds**

This appropriation line item is allocation based. The funding is based on two equally assigned factors: the percentage of the state's population residing in the counties served by the department and the percentage of all felony defendants in the state under direct community supervision by the department. CSCDs are the only entities eligible for CC funds.

### **Diversion Program (DP) Grant Funds**

This discretionary appropriation line item funding is awarded on a competitive basis. The priorities for distribution are determined biennially. All requests are reviewed by TDCJ-CJAD staff, approved by

management, and then presented to the Judicial Advisory Council. DP funds shall not be used for Basic Supervision services.

Substance Abuse Felony Punishment Facility (SAFPF) Funding: Aftercare caseloads are funded on a per case basis and must meet specific supervision requirements. Funding for SAFPF aftercare caseloads is allocated by TDCJ-CJAD through the DP line item but is budgeted and reported by CSCDs as state aid under Basic Supervision.

Dedicated Salary Funding: Funds were appropriated by the 81<sup>st</sup> Legislature specifically for community supervision officers and direct care staff salary increases of 3.5% of the salaries as of August 31, 2009 for FY 2010 and another 3.5% increase of the August 31, 2009 salaries for FY 2011. To date, the dedicated salary funding amounts are the same as in FY 2011. Appropriations of the Dedicated Salary are allocated by TDCJ-CJAD through the DP line item but are budgeted and reported by CSCDs as state aid under Basic Supervision.

**Treatment Alternative to Incarceration Programs (TAIP) Grant Funds**

The Treatment Alternative to Incarceration Program provides a continuum of substance abuse treatment services and accountability programming for individual offenders, subject to TAIP funding and guidelines. Services include assessment, screening, and referral to treatment services.

**3. FUNDS COLLECTED BY THE CSCD FROM SOURCES OTHER THAN TDCJ-CJAD WHICH ARE REQUIRED TO BE REPORTED ON THE TDCJ-CJAD QUARTERLY FINANCIAL REPORTS**

(community supervision fees collected, program participation funds collected, interest, county contributions, donations, commissions, etc.) (Please list “other revenue” items separately.)

*Describe, all in chart format, including source, amount, restrictions for use, and if funds are expended in accordance with any applicable limitations. Amounts received must trace back to the Combined Schedule of Revenues and Expenditures. Give detail information of “other revenue” and include interest income. The following examples should be used if applicable but are not all inclusive.*

Source	Amount Received	Restrictions for Use	Expended In Accordance With Restriction
Supervision Fees	\$ XX,XXX	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions.	Yes or No
Program Participant Fees	\$ XX,XXX	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions.	Yes or No
Interest Income	\$ XX,XXX	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions.	Yes or No
Electronic Monitoring Fees	\$ XX,XXX	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions.	Yes or No
Pre-Trial Diversion Fees	\$ XX,XXX	<i>Financial Management Manual for TDCJ-CJAD Funding , Texas Government Code, Section 76.015 (c) and, Texas Code of Criminal Procedure, Article 102.012</i> restrictions.	Yes or No
Transactions’ Administration Fees	\$ XX,XXX	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions.	Yes or No

Donations	\$ XX,XXX	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions, or as specified by donor.</i>	Yes or No
County Contributions / Donations	\$ XX,XXX	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions, or as specified by county.</i>	Yes or No
Commissions	\$ XX,XXX	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions.</i>	Yes or No

**4. FUNDS COLLECTED BY THE CSCD FROM SOURCES OTHER THAN TDCJ-CJAD WHICH ARE NOT REQUIRED TO BE REPORTED ON THE TDCJ-CJAD QUARTERLY FINANCIAL REPORTS (Civil Fees, Victim Restitution Funds, Federal Grants, Bond Supervision Funds, Grants from Sources Other Than TDCJ-CJAD, etc.)**

*Describe, all in chart format, including source, amount, restrictions for use, if funds are expended in accordance with any applicable limitations, and fund balance at August 31, 2014. The following examples are not all inclusive, please list all sources received during the fiscal year.*

Source	Amount Received	Restrictions for Use	Expended In Accordance With Restrictions	Fund Balance at August 31, 2014
Victim Restitution	\$ XXX,XXX	Government Code 76.013, paid directly to victim within certain timelines.	Yes or No	\$ XX,XXX
Court Costs	\$ XXX,XXX	Local Government Code, Chapter 113, Section 113.022	Yes or No	\$ XX,XXX
Personal Bond, Surety Bond, Bail, and Certain Other Supervision	\$ XXX,XXX	Article 17.40 of the Code of Criminal Procedure \ Senate Bill (SB) 880 in the 82 <sup>nd</sup> Legislature.	Yes or No	\$ XX,XXX
Supervision Fee for Sex Offenders	\$ XXX,XXX	Article 42.12, Section 19 (f) of the Texas Code of Criminal Procedure	Yes or No	\$ XX,XXX
Crime Victims' Compensation Fund	\$ XXX,XXX	Texas Code of Criminal Procedure, Article 42.12, Section 11 (a) (18) and Texas State Comptroller remittance timeline.		
Federal Grants	\$ XXX,XXX	Federal guidelines	Yes or No	\$ XX,XXX

*(Notes: (1) If answered "yes" on the Compliance Checklist, certain fee types should be listed here with amount collected. (2) Attorney fees, fines, and other fees payable to the county fall under the same restrictions for use as Court Costs.)*

**5. CASH, PETTY CASH AND INVESTMENTS**

*Collection or clearing accounts are trust funds and must be covered by pledged collateral to cover the estimated highest daily balance of funds operated in conjunction with or through the county depository by the CSCD. Collection accounts must be transferred to the county treasury within the time frames listed in Local Government Code 113.022. All CSCD funds must be in the county treasury and must be disbursed by the County Treasurer. (Government Code 509.011 (c) and Local Government Code 140.003 (f)).*



*Describe the petty cash procedures. How much is petty cash; how are expenditures processed, through cash, counter checks, etc.; what is petty cash used for, etc.? If no petty cash, please state that fact. A change fund is not considered a petty cash fund if it is used strictly for making change.*

*Describe the procedures of investing idle funds, if any. If funds are not invested, please state that fact.*

## **6. EXCESS OF EXPENDITURES OVER BUDGETS IN INDIVIDUAL PROGRAMS**

*Describe the excess expenditure amounts with detailed explanations and whether or not an increase in actual over budget exceeds the \$15,000 or 15% rule. If none, please state that fact.*

## **7. ACCOUNTS AND/OR INTERFUND TRANSFERS RECEIVABLE AND/OR PAYABLE AT AUGUST 31, 2014**

*Describe, if any at year end. If none, please state that fact. (Note: this is for items that are budgeted and are required to be reported at year end.)*

## **8. VENDOR CONTRACTS FOR OFFENDER SERVICES**

*For contracts and/or payments over \$100,000, per vendor or per same-type service, list vendors who provide services to offenders, along with the total amounts paid. State whether or not there is a valid contract with each vendor per the Contract Management Manual for TDCJ-CJAD Funding of Offender Services (CMM). If there are no vendor contracts and/or payments over \$100,000, please state that there are none.*

*NOTE: To be in compliance with the Contract Management Manual for TDCJ-CJAD Funding of Offender Services (CMM), CSCD contracts must include the following:*

- All contract clauses as listed in the CMM for the type of services provided. Only Article I of a contract may differ from the clauses printed in the CMM. No other section or Articles of the contract format may be altered by the CSCD. Article I details the specific services required by the CSCD, such as term of the contract, services to be provided, performance measures (required for contracts above \$25,000), and penalties for non-compliance with the performance measures.
- Article I's requirements would mirror the elements listed in the Invitations to Bid (ITB) and/or Requests for Proposals (RFPs), if applicable.
- Contracts with an aggregate amount for the same type of service for the year of over \$50,000 must be the result of an ITB and/or a RFP.
- Contract terms may be established for one or two years with the option to renew for only one additional year before competitive bid again.
- The CSCD must have a Contract Monitoring Plan (a written policy) for monitoring vendors paid with CSCD funds. The Monitoring Plan must include detailed procedures for the CSCD's personnel who are conducting the monitoring activities of vendors. The Monitoring Plan should be the result of a risk-based assessment tool to determine which vendors should receive the highest to lowest level of annual monitoring.
- Elements that, at a minimum, should be included in the CSCD's Monitoring Plan's procedures are (1) a checklist indicating whether or not the vendor performed each of the performance measures as listed in Article I of the contract, (2) definitions and/or descriptions of how the



CSCD will sample the vendor's records for compliance, (3) an overall ranking or assessment of the vendor based on the findings of the monitoring activity by the CSCD personnel, and (4) documentation of penalties imposed on the vendor for non-compliance with provision of services or performance measures. Procedures will vary for different vendors and/or different types of services.

**9. COMMITMENTS AND CONTINGENCIES**

*Describe and state expected outcome. If none, state that fact.*

**10. PRIOR PERIOD ADJUSTMENTS AND REFUNDS**

*Describe in detail. If none, state that fact.*

**11. SUBSEQUENT EVENTS**

*Describe. If no reportable subsequent events, state that fact.*

(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT  
 SCHEDULE OF DIFFERENCES BETWEEN  
 AUDIT REPORT AND CSCD REPORTS **Sent to TDCJ-CJAD**  
 (Please insert the Administrative County Name, not the judicial district number.)  
 FUNDING SOURCE AND PROGRAM TITLE (if applicable)

FOR THE YEAR ENDED AUGUST 31, 2014

	Audit	Per CSCD Quarterly Report	Difference*
<b>REVENUE</b>			
State Aid	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
State Aid: SAFPF	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Community Supervision Fees	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Payment by Program Participants	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Interest Income	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Other Revenue	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Total Revenue	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>EXPENDITURES</b>			
Salaries and Fringe Benefits	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Travel and Furnished Transportation	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Contract Services for Offenders	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Professional Fees	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Supplies and Operating Expenses	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Facilities	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Utilities	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Equipment	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Total Expenditure	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>FUND BALANCE 9/1/2013</b>	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Prior Period Adjustment	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Interfund Transfer In (Out)	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Fund Balance before Refund to CJAD **	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
Refund Due to CJAD **	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00
<b>FUND BALANCE 8/31/2014</b>	\$ 00,000.00	\$ 00,000.00	\$ 00,000.00

\***Note A Example:** Difference due to prior year difference between CSCD report and the General Ledger; correction was made during the current year.

\*\* If applicable

(INDEPENDENT AUDITOR LETTERHEAD)

*(Example report - no issues noted)*

*(See AICPA Audit and Accounting Guide for Audits of State and Local Government Units for additional formats.)*

**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* for (County name) Community Supervision and Corrections Department, (City), Texas** *(Please insert the Administrative County Name, not the judicial district number.)*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the (County name) Community Supervision and Corrections Department as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise (County name) Community Supervision and Corrections Department's basic financial statements, and have issued our report thereon dated (*opinion report date*).

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered (County name) Community Supervision and Corrections Department's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of (County name) Community Supervision and Corrections Department's internal control. Accordingly, we do not express an opinion on the effectiveness of (County name) Community Supervision and Corrections Department's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. (We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. [List the reference numbers of the related findings])

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether (County name) Community Supervision and Corrections Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provision 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*. (However, we noted certain immaterial instances of noncompliance that we have reported to management of (County name) Community Supervision and Corrections Department in a separate letter dated (*date of letter*).

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not

suitable for any other purpose.

This report is intended solely for the information and use of the (*County Name*) Community Supervision and Corrections Department, others within the organization, and the Texas Department of Criminal Justice-Community Justice Assistance Division and is not intended to be and should not be used by anyone other than these specified parties.

March 31, 2015

(Signed)

Accounting Firm

(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT  
(City), TEXAS

(Please insert the Administrative County Name, not the judicial district number.)

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED AUGUST 31, 2014

**Reportable Condition (examples)**

The (County Name) Community Supervision and Corrections Department, (City), Texas, has not established procedures that will identify, record, and report all transactions and accounts handled by the department.

The *Financial Management Manual (FMM) for TDCJ-CJAD Funding* requires the reporting of all funds and transactions of the department.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit. The books and records have been adjusted to reflect all transactions and accounts of the department.

There are no questioned costs associated with this finding. OR

The department incurred expenditures not expressly allowed in accordance with the *Financial Management Manual*. The itemized list below details the expenditures that do not conform to the *Financial Management Manual's* guidelines.

The department's funds are not deposited with the county treasurer, (or county auditor, if there is no county treasurer) for placement in the county treasury (county's bank account) and are not disbursed by the county treasurer, (or county auditor) from the treasury, per Government Code 509.011 © and Local Government Code 140.003 (f).

The department failed to follow guidelines as outlined in the *Financial Management Manual*, and the fiscal officer failed to properly classify and report certain transactions of the department.

The department should review accounting and reporting procedures in the *Financial Management Manual*.

**Statement of Corrective Action Taken**

Department personnel and the fiscal officer will review accounting and reporting procedures in the *Financial Management Manual*. They will also include all accounts and transactions in future reports, with all transactions properly classified.

The county is in the process of installing a new accounting system that will include all funds of the CSCD. When financial information is available to the CSCD, the issuance of more accurate and timely quarterly reports will be possible.

**Fiscal Year 2014 TDCJ-CJAD Compliance Checklist**

Indicate whether these compliance requirements have been met by answering “Yes,” “No,” or “NA” (Not Applicable): *(Note: The first seventeen (17) checklist items are to be answered “Yes” or “No” only.)*

YES	NO	N/A
___	___	Is separate accountability maintained for TDCJ-CJAD funds; i.e., fund accounting? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
___	___	Are Revenues and Expenditures reported to TDCJ-CJAD in agreement with, or reconcilable to, the funding recipient’s accounting records and with audited expenditures in each budget category? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
___	___	Are TDCJ-CJAD funds and locally generated revenues expended in accordance with the <i>Financial Management Manual for TDCJ-CJAD Funding (FMM)</i> , TDCJ-CJAD Standards, TDCJ-CJAD Field Correspondence, TDCJ-CJAD Policy Statements, Standard and Special Grant Conditions, and applicable laws? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
___	___	Are proper cutoff procedures observed at the end of each fiscal period? The cutoff date for revenues recognition and expenditures payments of FY 2014 is October 31, 2014.
___	___	Is the modified accrual basis of accounting used in preparing the fourth quarter reports for submission to TDCJ-CJAD? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
___	___	Are any TDCJ-CJAD funds used to pay judges’ salaries (unless specifically approved by TDCJ-CJAD in a Program Budget; i.e., DWI Courts), community justice council members’ salaries, or other court-related expenses? If any of these salaries or expenses are paid, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
___	___	Are expenditures and revenues supported by adequate documentation? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
___	___	Are all employees with access to funds covered by a surety bond? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
___	___	Does the CSCD have an existing policy on budget approval, operate by the policy, and the policy has been approved in an open meeting by the judges charged with oversight of the CSCD (Government Code, Section 76.002, and the <i>Financial Management Manual for TDCJ-CJAD Funding (FMM)</i> Pages 8-10)). If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
___	___	Are all of the CSCD’s funds and collections deposited in the county treasury (county’s bank account)? ( <i>FMM</i> Pages 7-8; Government Code, Section 509.011; Local Government Code, Section 140.003 (f); and Attorney General’s Opinion DM-257, dated September 15, 1993) If not, explain in the Notes to the Financial Statements and include in the Schedule of Findings and Questioned Costs.

Are all of the CSCD's funds and collections disbursed by the county treasurer on behalf of the CSCD? (*FMM* Pages 7-8; Government Code, Section 509.011; Local Government Code, Section 140.003 (f); and Attorney General's Opinion DM-257, dated September 15, 1993) If not, explain in the Notes to the Financial Statements and include in the Schedule of Findings and Questioned Costs.

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Are all of the CSCD's funds and collections deposited in the county treasury (county's bank account) within the time period required by Local Government Code 113.022? (*FMM* Pages 7-8) If not, explain in the Notes to the Financial Statements and include in the Schedule of Findings and Questioned Costs.

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Did the Fiscal Officer follow the applicable laws, guidelines, and duties as specified on Pages 31-35 of the *Financial Management Manual for TDCJ-CJAD Funding*? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Were purchasing laws, including required competitive bidding, followed as directed in accordance with the same procedures applicable to a county? (Texas Local Government Code Section 140.003 and Chapter 262, *FMM* Pages 35-36) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Were there any instances of fraud, non-compliance, waste, or abuse noted by the auditor (Chapter 4, Item 4.25 *Government Auditing Standards*)? If yes, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Are locally generated funds, and other collections, documented with a proper receipt system, and can they be traced to probationers' accounts, bank deposits and statements? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Is equipment physically inventoried and adequately supported with an inventory form? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Is surplus equipment disposed of in accordance with TDCJ-CJAD guidelines? (*FMM* Page 24) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Was an explanation given in the Schedule of Differences for any changes that were made to Revenues and Expenditures that adjusted the previous amounts reported to TDCJ-CJAD? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Are expenditures that benefit both juveniles and adults prorated on an equitable basis? Is determination of the method of prorating such expenditures supported by adequate documentation, including an annual time study? (*FMM* Page 26) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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If the CSCD determines that an increase or decrease in revenue or expenditures is required, were budget adjustments submitted to TDCJ-CJAD, **by September 30, 2014**, and in accordance with the *Financial Management Manual for TDCJ-CJAD Funding*? (*FMM* Pages 8-10) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Are idle funds, if any, invested? (*FMM* Page 7) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Are all non-TDCJ-CJAD funded program fees expended in accordance with applicable limitations; i.e., civil fees, Federal grants, bond fees, etc.? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Are Victim Restitution Funds accounted for in accordance with Texas Government Code, Section 76.013, and are unclaimed funds tracked for the required five-year period prior to sending to the State Comptroller? (*FMM* Page 28) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Have TDCJ-CJAD policies regarding contracts with vendors been followed, which includes maintaining a Contract Monitoring Plan (policy) to monitor vendor payments and compliance with contracts? (*CMM* and Pages 10-11 of these Guidelines) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Does the CSCD have a policy regarding eligibility for employee salary merit increases, if merit or one-time increases are given? (*FMM* Page 46) If such increases are given without a written policy, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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If the CSCD allows offenders to pay a fee or donate goods to a local food bank in lieu of performing community service restitution (CSR) work hours, does the CSCD have a written **CSR Policy** stating this fact? (TDCJ-CJAD Policy Statement No. CJAD-PS-08) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Are petty cash funds (not change funds) authorized by the county auditor or fiscal officer? (*FMM*, Pages 7-8, 20 and 34) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Are petty cash funds used only for specific purposes for allowable items as listed in the *Financial Management Manual for TDCJ-CJAD Funding* and expended only for emergency situations authorized by a written policy and approved by the CSCD director? (*FMM*, Pages 7-8, 20 and 34) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Are Personal Bond, Surety Bond, Bail and Certain Other Supervision expenses relating to CSCD employees supervising these cases paid from the administrative fees (and not from state-funded budgets) set in Article 76.015(c) of the Texas Government Code, as amended; i.e., salaries, fringe benefits, travel, supplies, equipment, etc., paid from these fees? If a CSCD employee (or more than one employee where cumulative time is not over 10% of one full-time equivalent position) spends no more than 10% of his/her time on the Bond/Other Supervision Program activities, separation of expenses is considered immaterial and is not required. However, all revenue generated from these fees must be accounted for separately in a local budget. Is this being properly captured? (*FMM* Pages 20-21 and TDCJ-CJAD Policy Statement No. CJAD-PS-09) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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With prior TDCJ-CJAD approval, CSCDs may use Basic Supervision, CC, DP, or TAIP funds as required cash matching for grants from other governmental agencies, non-profit organizations, or private foundations, etc., for the purpose of expanding an existing program. Was cash matching properly authorized, budgeted, and expended? (*FMM* Pages 21-22) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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The Texas Code of Criminal Procedure, Article 42.12, Section 19 (e) requires as a condition of probation that certain sex offenders pay \$5.00 per month during the period of supervision. These fees are in addition to court costs or any other fee imposed on the offender as court ordered. Are these fees collected and accounted for by the CSCD and remitted to the State Comptroller? (*FMM* Page 27) If fees are collected, include them in the Note to the Financial Statements for funds not required to be budgeted. If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Article 42.12, Section 11 (a) (18), Code of Criminal Procedure authorizes the court to order a defendant, as a condition of community supervision, to reimburse the Crime Victims' Compensation Fund for any amounts paid from that fund to a victim of the defendant's offense or, if no reimbursement is required, make one payment to the fund in an amount not to exceed \$50 if the offense is a misdemeanor or not to exceed \$100 if the offense is a felony. If these fees were collected, were they remitted to the State Comptroller in compliance with the timelines outlined by the State Comptroller's Office? (*FMM* Pages 28-29) If these fees are collected, include in the Note to the Financial Statements for funds not required to be budgeted. If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Were pretrial intervention fees properly collected and accounted for as payments by program participants? (*FMM* Pages 28-29, Government Code, Section 76.015 (c), Texas Code of Criminal Procedure, Article 102.012) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Is there proper identification on motor vehicles that are issued exempt license plates? (*FMM* Pages 29-30, Transportation Code, Chapter 721) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Is the transactions' administrative fee, if collected, accounted for on a consistent basis? (*FMM* Page 30) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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If there were negative fund balances in programs, were they covered by interfund transfers as described in the *Financial Management Manual*? (*FMM* Pages 33-34) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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Do action plans exist for all significant findings from previous audits, and are action plans current? (Chapter 4, Item 4.05, *Government Auditing Standards*) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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