



**INDEPENDENT AUDIT GUIDELINES,
STANDARD REPORTING FORMATS,
and
COMPLIANCE REQUIREMENTS**

Effective September 9, 2019

Texas Department of Criminal Justice
Community Justice Assistance Division

Table of Contents

| | | |
|-------|--|----|
| I. | Independent Audit Guidelines | 1 |
| | A. Audit Engagement Letters | 1 |
| | B. General Audit Objectives | 1 |
| II. | Compliance Requirements | 2 |
| | A. Applicable Laws and Regulations | 2 |
| | B. General Requirements | 2 |
| III. | Independent Audit Report Review Findings..... | 3 |
| IV. | Standard Report Contents | 4 |
| | A. Minimum Standards | 4 |
| | B. Reporting Reminders | 5 |
| | C. Audit Tracking | 5 |
| V. | Timeline for Financial Reports Due to TDCJ-CJAD | 5 |
| | A. Financial Remittance Schedule | 5 |
| VI. | Definitions | 6 |
| VII. | Informational Items Specific to Fiscal Year Audited | 8 |
| | A. Biennium Fund Balances | 8 |
| VIII. | Independent Auditor’s Report | 11 |
| IX. | Examples of Financial Statement Formats | 13 |
| X. | Notes to the Financial Statements | 17 |
| XI. | Schedule of Differences Between Audit and CSCD Reports | 21 |
| XII. | Combined Report on Internal Control and Compliance | 22 |
| XIII. | Schedule of Findings and Questioned Costs | 24 |
| | A. Applicable Statements for Findings | 24 |
| | B. Examples | 25 |
| XIV. | Schedule of Findings and Questioned Costs for Prior Year | 26 |
| XV. | Compliance Checklist | 27 |

I. 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.

A. Audit Engagement Letters

The independent audit firm must 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 shall:

- 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.
- Indicate that any audit opinion expressed will state that the reports are presented in accordance with TDCJ-CJAD reporting requirements. Reference Independent Audit Guidelines, Compliance Requirements, 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.
- Indicate that **the fiscal officer for the CSCD will review the draft** independent audit report for compliance with the IAG, Compliance Requirements, Standard Reporting Formats, and review the audited financial statements for accuracy before issuance of the final independent audit report.
- State that TDCJ staff and/or state auditor's staff will be granted reasonable access to the work papers upon written request.
- State that audit work papers are to be retained for not less than five (5) years from the date of the audit report.
- State the **cost of the independent audit** of the CSCD, independent of the county or counties within the judicial district.

B. 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 deficiencies in internal controls or instances of non-compliance required to be reported under the:

- *Government Auditing Standards* issued by the comptroller general of the United States;
- Financial Management Manual for TDCJ-CJAD Funding.

II. COMPLIANCE REQUIREMENTS

A. 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:

- Texas Code of Criminal Procedure, Articles: 17, 42.12, 42A, 102;
- Texas Government Code, Chapters: 76 and 509;
- Transportation Code Section 521.2462;
- Texas Local Government Code, Chapters: 113, 116, 130, 140, and 262;
- Texas Family Code, Section 157.213;
- Attorney General (AG) Opinion No. LO-98-008;
- The Financial Management Manual for TDCJ-CJAD Funding, effective September 1, 2018(available from TDCJ-CJAD);
- TDCJ-CJAD Policy Statements (available from TDCJ-CJAD);
- The TDCJ-CJAD Standards for CSCDs, revised March 2015 (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).

B. General Requirements

All TDCJ-CJAD administered funds and locally generated program funds are to be audited, including Basic Supervision, Community Corrections (CC) Funds, Diversion Program (DP) Funds, and Treatment Alternative to Incarceration Program (TAIP) Funds.

- Audits are to cover the 12-month period of September 1 through August 31.
- As defined in the Financial Management Manual for TDCJ-CJAD Funding, effective September 1, 2018:

- Although funding recipients are encouraged to use the modified accrual basis of accounting for each quarter, the first, second, and third quarter reports may be prepared on the cash basis method of accounting.
 - The fourth quarter report, which closes out the fiscal year, must be prepared on the modified accrual basis of accounting.
 - CSCDs with twenty-six (26) employee pay periods may have overlap into the next fiscal year and should use the modified accrual basis of accounting in the 4th quarter to accurately reflect salary and fringe benefit expenditures.
 - In order for the funding recipient to report an accrual, as of August 31, on the fourth quarter report, TDCJ-CJAD requires that the expenditures be paid and the item received by October 31.
- 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 by the judges charged with oversight of the CSCD (Government Code, Section 76.002, and *Financial Management Manual for TDCJ-CJAD Funding*).
 - The CSCD is responsible for providing the auditor its final (last) TDCJ-CJAD approved budget for all programs. Year-end budget adjustments for the fiscal year audited will be reviewed and approved/disapproved by TDCJ-CJAD if received by September 30 (one month after the end of the fiscal year). **Independent auditors are instructed that only budgets approved by TDCJ-CJAD should be referenced when 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 a timing difference” are not specific and will prompt additional follow-up questions by TDCJ-CJAD.
 - 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.

III. INDEPENDENT AUDIT REPORT REVIEW FINDINGS

1. **CPA Findings:**
 - Those findings identified by the CPA.
2. **Treasury Issue:**

- Any deviation from the Statutory Requirements for Deposits and Disbursements as identified by the CPA, in the: notes to the financial statements, compliance checklist and or the schedule of findings and questioned cost.
3. **Budget Variance:**
 - Any unfavorable budget variance over 15% of the budgeted expenditure line item resulting in an unauthorized expenditure required to be refunded to TDCJ-CJAD. Identified by the CPA or TDCJ-CJAD Fiscal Auditor.
 4. **Budget Difference:**
 - Differences between the last TDCJ-CJAD approved budget and the budget reported in the audit. Identified by the TDCJ-CJAD Fiscal Auditor.
 5. **Quarterly Financial Differences:**
 - Differences between the CSCD's actuals and the quarterly financials on file at TDCJ-CJAD. Identified by the CPA or TDCJ-CJAD Fiscal Auditor.

IV. STANDARD REPORT CONTENTS

A. Minimum Standards—report contents—will include the following:

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 programs (CC), if more than one CC.
- A Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for the Diversion Programs (DP), if more than one DP.
- 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, that fact must be stated. (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),
 - Basis of Accounting,
 - Budgets (Accounting and Legal compliance),
 2. One-Time/Supplemental Payments.
 3. Deobligations.
 4. Interfund Transfers.
 5. Prior Period Adjustments.
 6. Refunds.

7. Cash, Collections, Change Funds, Petty Cash, and Investments.
8. Excess of Expenditures over Budgets in Individual Programs.
9. Funds Collected by the CSCD from Sources Other than TDCJ-CJAD which ARE Required to be Reported on the TDCJ-CJAD Quarterly Financial Reports.
10. Commitments and Contingencies.
11. Subsequent Events.

- Independent Auditor's Report on Compliance and on Internal Control.
- Schedule of Findings and Questioned Costs for the year ended August 31, (*fiscal year audited*).
- Schedule of Findings and Questioned Costs for the Prior year ended August 31, (*prior fiscal year audited*).
- The TDCJ-CJAD Independent Audit Compliance Checklist.
- Any letters to management as a result of the audit and the response by management.

B. Reporting Reminders

- Per the *Financial Management Manual for TDCJ-CJAD Funding effective September 1, 2018*, Budget section, TDCJ-CJAD requires **refunds** from CSCDs for all expenditures noted in the independent audit that are in excess of 15% that is higher than the last TDCJ-CJAD approved line item amount (including interfund transfers to other programs or for cash-matching grants from other agencies). This means that if a line item expenditure changes from the last TDCJ-CJAD approved budget amount by a percentage higher than 15%, there is a finding. Any expenditures above these limits will be deemed “unauthorized expenditures.”
 - A refund for unauthorized expenditures due to audit findings must be reported as a **Prior Period Adjustment** from Basic Supervision in the quarter of the fiscal year that the refund was paid.
 - Refunds for line item differences over 15% that result in unauthorized expenditures due to audit findings should be reflected in the current year budget under Supplies and Operating expenditures as “Refund – FYXX Audit.”
- 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.

C. 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.

V. TIMELINE FOR FISCAL REPORTS DUE TO TDCJ-CJAD

A. Financial Remittance Schedule (*FMM Financial Reports*)

The financial reports shall be prepared using dollars and cents, and the information on the financial reports shall be verified for accuracy by preparing reconciliations to the bank balances.

Statement of Financial Position (Balance Sheet), shall be submitted to TDCJ-CJAD Fiscal Management by November 30 for the prior fiscal year, along with the fourth (4th) quarter financial reports.

Quarterly Financial Reports are due to TDCJ-CJAD within 30 days after the close of each quarter (due the end of December, March and June). The final report (fourth quarter report) is due to TDCJ-CJAD 90 days after the close of the fiscal year (the end of November).

Revised fourth quarter financial reports shall be considered in the succeeding year for adjustments to the fund balance if received at TDCJ-CJAD by January 31. After January 31, any adjustments that affect the fund balance shall be reported on the then-current quarterly report; this will not result in any adjustment to any previously calculated refund or six-month reserve.

| QFR Due Dates | | QFR Revisions | |
|-------------------|-------------|---------------------------------|-------------|
| 1st QTR (SEP-NOV) | December 31 | All QFRs for Previous FY | January 31 |
| 2nd QTR (DEC-FEB) | March 31 | | |
| 3rd QTR (MAR-MAY) | June 30 | Statement of Financial Position | |
| 4th QTR (JUN-AUG) | November 30 | Each FY | November 30 |

VI. 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.

Dedicated Salary Funds (Formerly Rider 80 Salary Funds) are funded based on specific criteria per position (not employee). Funding for Dedicated Salaries is allocated by TDCJ-CJAD through the DP line item, but is budgeted and reported by CSCDs as state aid under Basic Supervision.

Depository is the financial institution selected under Section [116.021](#) for safekeeping of the county treasury. As defined by Local Government Code 113.001.

Depository account is an account covered by the depository agreement, including required collateral. As defined by Local Government Code 113.001.

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. *Deobligations are reduction to State Aid and must be reported online item F (State Aid) in quarterly financial reports. Do not use line X (Refund to CJAD) for reporting deobligated funds.*

Encumbrance is the commitment of all or part of an appropriation for future expenditures. Encumbrances represent valid obligations related to unfilled purchase orders or unfulfilled contracts, such as special grants, funds held for lawsuits, construction or renovation funds, etc. Outstanding encumbrances show the amount as a reserve of fund balance and not reported as accounts payable.

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 funded Community Corrections program), then the “Interfund Transfer” line is used. However, if funds are moved between two Community Corrections programs (CC), or between two Diversion Programs (DP) (i.e., two like-type funded programs), this is considered a “Transfer” of funds and 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 CC. 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 audited, all revenues and expenditures accrued by August 31. To be reportable, any ordered goods must be received and the expenditures for those goods paid by October 31, provided that a valid purchase order was issued by August 31 unless a special waiver has been issued by the TDCJ-CJAD.

One-Time Payments (State Aid Only) must be expended or have a purchase order issued within the allotted time frame and shall adhere to TDCJ-CJAD specified grant conditions. Examples of one-time payments can include, but are not limited to, the following: Special Grant Conditions; one-time grant awards, reallocation of deobligated funds, supplement payments; etc.

Other Revenue includes any revenue deposited into a CSCD program fund not recorded in other categories. This revenue is recorded during the fiscal year received (i.e., county support for allowable items, collection fees from other governmental agencies, transaction fees, and donations from other sources). Other Revenue items for residential facility programs include commissary items (may be sold to residents at up to 5% above cost), meal fees from non-residents, pay phone/pool table/video game collections, reimbursements from residents, vending machine collections, washing machine/dryer collections, etc.

Vending machine revenue earned by the CSCD or CCF shall be used only for the same purposes for which State funds may be used. This revenue may not be used to purchase unallowable items (refer to Attorney General Opinion JM-391, December 18, 1985). It 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 Programs, or TAIP, unless otherwise specified in the FMM 09-01-18.

Prior Period Adjustment: Adjustment to the beginning fund balance as a result of corrections and/or audit findings of prior fiscal years, **not prior quarters of the current fiscal year**. Examples include: reimbursements of different fiscal years, remaining funds from settlements made in the year the settlement was reached, once a retiree has been paid for accumulated leave, any funds remaining from the encumbered funds at the end of the previous biennium, unapproved expenditures/budget variance. This amount does not include prior-year refunds.

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

Questioned Costs are **defined** by OMB Circular A-133 to include **costs** that are **questioned** by the auditor because of an audit finding: (a) that resulted from a violation. or possible violation of a provision of a law, regulation contract, grant, cooperative.

Refunds include Prior Year Refunds for Basic Supervision (within first year of biennium), and Biennium Refunds for CC, DP, or TAIP funding (prior to end of biennium).

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

SAFPF Payments are funds from the TDCJ-CJAD for officers supervising and providing aftercare for offenders released from TDCJ Substance Abuse Felony Punishment Facilities (SAFPF). These funds, which are state aid funding, should be budgeted and reported only in Basic Supervision.

Treasury means the money belonging to the county held by the county treasurer. As defined by Local Government Code 113.001. and TDCJ-CJAD Policy Statement CJAD-PS-17, Funds in the County Treasury.

Unallowed Expenditures are those expenditures identified as unallowable in the Allowable/Unallowable Expenditures Schedules of the *Financial Management Manual for TDCJ-CJAD Funding*.

Unauthorized Expenditures are the amounts in excess of 15% that is higher than the line item amount in the last TDCJ-CJAD approved CSCD budget (including interfund transfers to other programs or for cash-matching grants from other agencies). This means that if a line item expenditure changes from the last TDCJ-CJAD approved budget amount by a percentage higher than 15%, there is a finding.

VII. INFORMATIONAL ITEMS SPECIFIC TO FISCAL YEAR AUDITED

A. Biennium Fund Balances

a. **First Year of Biennium Fund Balances:**

- Fund balances of the previous quarter (and prior fiscal year) in all programs carry forward to the CSCD's program budgets.
- There are no refunds due to TDCJ-CJAD for the first year of the biennium fund balances.

b. **Second Year of Biennium Fund Balances:**

- Fund balances as of August 31, in Community Correction programs (CC), Diversion Programs (DP), and Treatment Alternatives to Incarceration Programs (TAIP), will be refunded to the TDCJ-CJAD by November 30, and will be reported on the 4th quarter financial report.
- There will be a carryover balance of zero for the following fiscal year.

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

**Standard Reporting Formats
and
Compliance Checklist**

Effective September 9, 2019

VIII. INDEPENDENT AUDITOR'S REPORT

(INDEPENDENT AUDITOR LETTERHEAD)

EXAMPLE OF UNMODIFIED OPINION

(County Name) Community Supervision and Corrections Department

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 County Name.

We have audited the accompanying financial statements of the (County Name) Community Supervision and Corrections Department (CSCD), which comprise the combined statement of financial position as of August 31, (fiscal year audited), and the related financial statements of activities 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 sufficient 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, (fiscal year audited), and the respective changes in financial position 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 based on 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 all the financial statements being audited that are the responsibility of management)* 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

(Signed by Independent Auditor)

Date

IX. EXAMPLES OF FINANCIAL STATEMENT FORMATS

Included are four pages of formats of the required Financial Statements. All the following Financial Statements must be included if applicable in the Audit Report.

**(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT
COMBINED STATEMENT OF FINANCIAL POSITION
AUGUST 31, (fiscal year audited)**

All TDCJ-CJAD funding sources should be included, do not include unbudgeted funding sources or individual program names. Line items must remain separate and are not to be combined. Unused lines may be deleted.

| | Basic Supervision | Community Corrections | Diversion Programs | TAIP | Total |
|---|----------------------|--------------------------|-----------------------|------------------|------------------|
| ASSETS | | | | | |
| Cash and Investments | | | | | |
| Bank Balances | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Petty Cash | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Time Deposits | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Cash and Investments | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Accounts Receivable | | | | | |
| Community Supervision Fees | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Due From TDCJ-CJAD | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Due From Other CSCD Program | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Due From ____ County | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Due From _____ | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Accounts Receivable | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Assets | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Due To TDCJ-CJAD | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Due To Other CSCD Program | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Due To ____ County | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Due To _____ | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Liabilities | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Fund Balance | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Liabilities and Fund Balance | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |

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, (fiscal year audited)

All TDCJ-CJAD funding sources should be included, do not include unbudgeted funding sources or individual program names. Line items must remain separate and are not to be combined. Unused lines may be deleted.

| | Basic Supervision | Community Corrections | Diversion Programs | TAIP | Total |
|---|----------------------|--------------------------|-----------------------|------------------|------------------|
| REVENUE | | | | | |
| State Aid ¹ | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| One-Time/Supplemental Payment (+) ² | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Deobligation (-) ³ | \$ -00,000 | \$ -00,000 | \$ -00,000 | \$ -00,000 | \$ -00,000 |
| Total State Aid Not Including SAFFP⁴ | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| State Aid: SAFFP | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Community Supervision Fees | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Payment by Program Participants | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Interest Income | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Other Revenue | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Revenue | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| EXPENDITURES | | | | | |
| Salaries and Fringe Benefits | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Travel and Furnished Transportation | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Contract Services for Offenders | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Professional Fees | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Supplies and Operating Expenses | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Facilities | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Utilities | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Equipment | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Expenditures | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Basic Supervision Interfund Transfer [+ or -] ⁵ | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| CC Interfund Transfer [+ or -] (to DP or TAIP) ⁶ | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Other Financing Sources (Uses) | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| PRIOR YEAR ENDING FUND BALANCE | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Prior Period Adjustment ⁷ | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Prior Year Refunds (BS only) ⁸ | \$ 00,000 | | | | \$ 00,000 |
| Adjusted Beginning Fund Balance | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Refund Due to TDCJ-CJAD (CC, DP, TAIP only) ⁹ | | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| AUDITED YEAR ENDING FUND BALANCE | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 | \$ 00,000 |

¹ Prior to One-Time/Supplemental Payment & or Deobligation

² Addition to State Aid

³ Reduction to State Aid

⁴ Including One Time Payment and Deobligation, if none, state the original State Aid

⁵ BS transfers in would be associated with return of a previous transfer out.

⁶ CC transfers in are only allowable from BS or return of unused funds from DP or TAIP, CC transfer out are allowable to DP and TAIP. DP transfers in are only allowable from BS or CC, transfers out are only allowable for return of unused BS or CC funds.

⁷ Adjustment to beginning fund balance as a result of corrections and/or audit findings of

prior fiscal years, not prior quarters of the current fiscal year. This amount does not include prior-year refunds.

⁸ Amount of a previous biennium's refund to TDCJ-CJAD (Basic Supervision only).

⁹ Refunds for CC, DP, and TAIP are reported in the fourth quarter of the last year of the biennium.

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

**(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL COMMUNITY CORRECTIONS FUNDS (or All DIVERSION FUNDS)
 FOR THE YEAR ENDED AUGUST 31, (fiscal year audited)**

Line items must remain separate and are not to be combined. Unused lines may be deleted.

| | CC (or DP) (Program Name) | CC (or DP) (Program Name) | Total (All CC or All DP Funds) |
|---|---------------------------------|---------------------------------|--------------------------------------|
| REVENUE | | | |
| State Aid ¹ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| One-Time/Supplemental Payment (+) ² | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Deobligation (-) ³ | \$ -00,000 | \$ -00,000 | \$ -00,000 |
| Total State Aid ⁴ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Community Supervision Fees | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Payment by Program Participants | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Interest Income | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Other Revenue | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Revenue | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| EXPENDITURES | | | |
| Salaries and Fringe Benefits | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Travel and Furnished Transportation | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Contract Services for Offenders | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Professional Fees | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Supplies and Operating Expenses | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Facilities | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Utilities | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Equipment | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Expenditures | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| OTHER FINANCING SOURCES (USES) | | | |
| Basic Supervision Interfund Transfer [+ or -] ⁵ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| CC Interfund Transfer [+ or -] (to DP or TAIP) ⁶ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Other Financing Sources (Uses) | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| PRIOR YEAR ENDING FUND BALANCE | | | |
| Prior Period Adjustment ⁷ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Refund to CJAD ⁸ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Adjusted Beginning Fund Balance | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| AUDITED YEAR ENDING FUND BALANCE | \$ 00,000 | \$ 00,000 | \$ 00,000 |

¹ Prior to One-Time/Supplemental Payment & or Deobligation

² Addition to State Aid

³ Reduction to State Aid

⁴ Including One Time Payment and De-obligation, if none, state the original State Aid

⁵ BS transfers in would be associated with return of a previous transfer out.

⁶ CC transfers in are only allowable from BS or return of unused funds from DP or TAIP, CC transfer out are allowable to DP and TAIP. DP transfers in are only allowable from BS or CC, transfers out are only allowable for return of unused BS or CC funds.

⁷ Adjustment to beginning fund balance as a result of corrections and/or audit findings of

prior fiscal years, not prior quarters of the current fiscal year. This amount does not include prior-year refunds.

⁸ Refunds for CC, DP, and TAIP are reported in the fourth quarter of the last year of the biennium.

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

(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT
INDIVIDUAL STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET, ACTUAL, AND VARIANCE
FOR THE YEAR ENDED AUGUST 31, (fiscal year audited)
BASIC SUPERVISION (OR COMMUNITY CORRECTIONS—SPECIFIC PROGRAM OR
DIVERSION GRANT PROGRAM—SPECIFIC PROGRAM OR TAIP) *Unused lines may be deleted*

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|------------------|------------------|--|
| TYPE OF REVENUE | | | |
| Requested TDCJ-CJAD Funding (State Aid) | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| State Aid: SAFFP | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Community Supervision Fees Collected | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Payment by Program Participants | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Interest Income | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Carry Over from Previous FY¹ (Prior Year Ending Fund Balance)² | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Other Revenue | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Basic Supervision Interfund Transfer [+ or -] ³ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| CC Interfund Transfer [+ or -] (to DP or TAIP) ⁴ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Revenue | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| TYPE OF EXPENDITURES | | | |
| Salaries and Fringe Benefits | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Travel and Furnished Transportation | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Contract Services for Offenders | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Professional Fees | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Supplies and Operating Expenses | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Facilities | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Utilities | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Equipment | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Expenditures | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| OTHER FINANCING SOURCES (USES) ACTUALS | | | |
| One-Time/Supplemental Payment (+) – Actuals | | \$ 00,000 | |
| Deobligation (-) - Actuals | | \$ 00,000 | |
| Total Other Financing Sources (Uses) | | \$ 00,000 | |
| Prior Period Adjustment – Actuals ⁵ | | \$ 00,000 | |
| Prior Year Refund (BS only) – Actuals ⁶ | | \$ 00,000 | |
| Refund to CJAD (CC, DP, TAIP only) Actuals ⁷ | | \$ 00,000 | |
| Total Prior Period Adjustment & Refunds - Actuals | | \$ 00,000 | |
| AUDITED YEAR ENDING FUND BALANCE - ACTUALS | | \$ 00,000 | |

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

¹ Budget Column

² Actual Column

³ BS transfers in would be associated with return of a previous transfer out.

⁴ CC transfers in are only allowable from BS or return of unused funds from DP or TAIP, CC transfer out are allowable to DP and

TAIP. DP transfers in are only allowable from BS or CC, transfers out are only allowable for return of unused BS or CC funds.

⁵ Adjustment to beginning fund balance as a result of corrections and/or audit findings of prior fiscal years, not prior quarters of the

current fiscal year. This amount does not include prior-year refunds.

⁶ Amount of a previous biennium's refund to TDCJ-CJAD (Basic Supervision only).

⁷ Refunds for CC, DP, and TAIP are reported in the fourth quarter of the last year of the biennium.

X. NOTES TO THE FINANCIAL STATEMENTS (Examples and Instructions)

Included are **eleven (11) required** Notes, informational instructions, and examples for notes. If the Note is not applicable, please include the note and state that fact. **Any additional Notes deemed necessary by the CSCD and/or by the independent auditor should also be included.**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Required to be stated with additional descriptions if needed: all TDCJ-CJAD funding sources received: The CSCD is a special purpose district of state government and is not a department of the administrative county, nor is it an agency of the State of Texas. Note: The example paragraphs below should be amended to only include the fund types (not program names) that the CSCD received from TDCJ-CJAD during the fiscal audited year. If needed in the description, add the judicial district number and other counties covered by the CSCD. CSCDs are specialized local entities and not departments of any county nor are they a department of the TDCJ-CJAD.

The accompanying financial statements include the revenue of the (County Name) Community Supervision and Corrections Department (CSCD) related to the receipt of funds administered by the TDCJ-CJAD from state appropriations for the Basic Supervision fund, Community Corrections 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.

The (County Name) Community Supervision and Corrections Department, a special purpose district of state government, was organized to provide certain adult probation services to judicial districts.

Basis of Accounting

Describe: the basis of accounting practices utilized by the CSCD during the fiscal year audited identifying if the CSCD used modified accrual basis of accounting throughout the year, or only in preparation of the fourth quarter reports submitted to TDCJ-CJAD; the CSCD's revenue recognition policies; identify if separate accountability was maintained for TDCJ-CJAD funds; i.e., the fund accounting of self-balancing funds; the cutoff dates for revenue recognition and expenditure payments and any change in accounting policies from the previous year. **Paragraphs 1 and 4 of this section are required.** The example paragraphs 2 and 3 below should be amended as needed to describe the individual procedures of each CSCD (Compliance Checklist questions 12-14.).

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, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. 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 for the specific activities in accordance with laws, regulations, or other restrictions. 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 for financial activity performed by August 31, are considered available. Also, purchases for which the commitment has been established by August 31, 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. Exception to this method of accounting is the recording of refunds to the State as reductions of Fund Balance.

Funds of the (County Name) CSCD are grouped into the agency fund type for the purpose of operation on the (County Name), Texas accounting system. Accounting agency funds are accounts established for deposit and disbursement of funds which are not controlled through the (County Name), Texas budget process and are held in purely a custodial capacity.

Budgets (Accounting and Legal Compliance)

Describe the CSCD’s basic budget procedures indicating whether the budgets were: prepared biennially, approved by the district judge(s), and submitted to TDCJ-CJAD for approval, amendments, etc. The example paragraphs below should be amended as needed to describe the individual procedures of each CSCD.

Pursuant to Government Code, Section 76.004 and 76.002, the budgets governing the funding to the programs are prepared biennially, then approved by the district judges and the criminal court-at-law judges with jurisdiction over the department and by the TDCJ-CJAD.

Only budget adjustment requests, at year-end, received by September 30 will be reviewed and approved/disapproved by TDCJ-CJAD. TDCJ-CJAD will not accept budget adjustments after September 30, for the previous fiscal year. Only budget adjustments approved by TDCJ-CJAD should be referred to in performing the financial audit.

2. ONE-TIME/SUPPLEMENTAL PAYMENTS

List all Basic Supervision Supplemental and One-Time Grant Award payments, the individual program along with the dollar amounts, and the purpose for the one-time/supplemental payment. Examples include, but are not limited to: longevity increases, one-time grant-TRAS training, research, fund movement, closed and deobligated carryover fund reobligated, insurance reduction, etc. (Compliance Checklist question 8). If none, state that fact.

3. DEOBLIGATIONS

List all deobligated programs individually, along with their deobligated amount, made in the fiscal year audited. Reminder, deobligated funds are a reduction to a CSCD’s original State Aid funding and are not to be reported as a refund (Compliance Checklist question 6-7). If none, state that fact.

4. INTERFUND AND FUND TRANSFERS

List all individual program, the amount of each interfund or fund transfer, and the program that the transfer was from or to. Indicate the purpose of all interfund/fund transfers completed during the fiscal year audited, if any (Compliance Checklist question 4-5). If none, state that fact.

5. PRIOR PERIOD ADJUSTMENTS (use for prior fiscal year(s’) adjustments only)

List all prior period adjustments, along with dollar amounts, reported in the fiscal year audited, if any. This includes adjustment to beginning fund balances as a result of corrections and/or audit findings, i.e. unauthorized expenditures/budget variances, of the previous fiscal year(s) audited, not prior quarters of the fiscal year audited. This amount does not include prior year refunds (Compliance Checklist question 11). If none, state that fact.

6. REFUNDS

List with dollar amount all refunds that were reported in the fiscal year audited. Examples include Prior Year Refunds for Basic Supervision (within first year of biennium), Biennium Refunds for CC, DP, or TAIP funding (prior to end of biennium). If no refunds, state that fact.

7. CASH, COLLECTIONS, CHANGE FUND, PETTY CASH, AND INVESTMENTS

Describe the CSCD's cash and collection procedures. Required to be stated: whether all of the CSCD funds/collections are: deposited/transferred and held in a special fund of the County Treasury (county's bank account), deposited/transferred to the County Treasury (county's bank account) within their allotted time frames, and disbursed by the county as the CSCD directs (Compliance Checklist questions 25-28). The example paragraphs below should be amended as needed to describe the individual procedures of each CSCD.

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.

During the fiscal year audited: The CSCD's state aid and net funds (revenues) received were deposited and held, and collection accounts' remaining net funds (revenues) were transferred into a special fund of the county treasury, on or before the next regular business day, or on or before the fifth business day after the day on which the money was received. All the CSCD's state aid and net funds (revenues) received were held, deposited, disbursed, invested, and otherwise cared for by the County on behalf of the CSCD as the CSCD directed (Government Code 509.011(c) and Local Government Code 113.022 and 140.003 (f)).

Indicate if those CSCD's employees who have access to public funds are covered by a surety bond, and if the surety bond also covers those employees who maintain and administer public funds, change funds, and/or petty cash (Compliance Checklist question 36).

Indicate if the CSCD maintained a change fund. Describe the change fund procedures. Indicate the change fund dollar amount and whether change funds are only used at the CSCD or also in the subsidiaries. Note: A change fund is not considered a petty cash fund and it is used strictly for making change in connection with collections that are due and payable to the CSCD. (Compliance Checklist question 29-30). If the CSCD did not maintain a change fund, state that fact.

Indicate if the CSCD maintained a petty cash fund utilizing CSCD funds or non-CSCD funds. Describe the petty cash revenue procedures, including the dollar amount of the petty cash, how expenditures are processed: through cash, counter checks, etc., and its purpose. (Compliance Checklist questions 31-35). If the CSCD did not maintain petty cash, state that fact.

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

8. EXCESS OF EXPENDITURES OVER BUDGETS IN INDIVIDUAL PROGRAMS

List all unfavorable expenditure line item amounts, with detailed explanations, as reported in the Individual Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget, Actual, and Variance. Indicate whether or not the unfavorable expenditure increases in actual over budget exceeds the 15% rule, and therefore results in an unauthorized expenditure. This means if a line item expenditure changes from the last TDCJ-CJAD approved budget amount by a percentage higher than 15%, there is a finding. If any increases in actual over budget exceeds the 15% rule, it is required to be reported in the Schedule of Findings and Questioned Costs as a finding (Compliance Checklist Questions 9-10) If none, state that fact.

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

In chart format, include the following required information: source, amount, restrictions for use (e.g. government code, *Financial Management Manual*, TDCJ-CJAD Funding restrictions), and if funds are expended in accordance with those applicable limitations. **Each individual source received needs to be individually stated.** Amounts received must trace back to the Combined Statement of Revenues and Expenditures. If the CSCD collects Administrative and or Pretrial Intervention Fees, include them as a separate line item, with the total amount received for that fee, under the respective line item in which they were collected. Include interest income, if any. The detailed information provided for payments by program participants and other revenue should correspond to the notes boxes within the quarterly financial reports submitted to TDCJ-CJAD.

| Source | Amount Received | Restrictions for Use | Expended In Accordance With Restriction |
|--|-----------------|--|---|
| Community Supervision Fees Collected | \$ XX,XXX | Texas Code of Criminal Procedure Art. 42A.652 (a); FMM for TDCJ-CJAD Funding restrictions. | Yes or No |
| Administrative Fees for Offenders \$25-\$60 (Example fee, remove if not collected) | \$ XX,XXX | Government Code Sec. 76.015c; Art. 76.015c; Administrative Fee, FMM | Yes or No |
| Payments by Program Participants: (List all individual fees, along with the total dollar amount for each fee, that were collected under payments by program participants during the fiscal year audited.) | | | |
| Administrative Fees for Offenders \$25-\$60 (Example fee, remove if not collected) | \$ XX,XXX | Government Code Sec. 76.015c; Art. 76.015c; Administrative Fee, FMM | Yes or No |
| Pretrial Intervention Supervision Fees (Example fee, remove if not collected) | \$ XX,XXX | Texas Code of Criminal Procedure Chapter 102.012; FMM for TDCJ-CJAD Funding restrictions. | Yes or No |
| Pretrial Intervention Program Related Fees (Non-Supervision, Example fee, remove if not collected) | \$ XX,XXX | Texas Code of Criminal Procedure Chapter 102.012; FMM for TDCJ-CJAD Funding restrictions. | Yes or No |
| Electronic Monitoring Fees (Example fee, remove if not collected) | \$ XX,XXX | FMM for TDCJ-CJAD Funding restrictions. | Yes or No |
| Total Payments by Program Participants: | \$ XX,XXX | Government Code, Sec. 76.015; Sec. 19, Art. 42.12 Code of Criminal Procedures; FMM for TDCJ-CJAD Funding restrictions. | |
| Interest Income | \$ XX,XXX | FMM for TDCJ-CJAD Funding restrictions. | Yes or No |
| Other Revenue: (List all fees individually, along with the total dollar amount collected for each fee, that were collected under other revenue during the fiscal year audited.) | | | |
| Transaction Administrative \$2 Fees (Example fee, remove if not collected) | \$ XX,XXX | Code of Criminal Procedure Art. 102.072; FMM for TDCJ-CJAD Funding restrictions. | Yes or No |
| Donations (Example fee, remove if not collected) | \$ XX,XXX | FMM for TDCJ-CJAD Funding restrictions, or as specified by donor. | Yes or No |
| Administrative Fees for Non-Offenders \$25-\$60 (Example fee, remove if not collected) | \$ XX,XXX | FMM for TDCJ-CJAD Funding restrictions, or as specified by donor. | Yes or No |
| Total Other Revenue: | \$ XX,XXX | | |

10. COMMITMENTS AND CONTINGENCIES

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

11. SUBSEQUENT EVENTS

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

SCHEDULE OF DIFFERENCES BETWEEN AUDIT AND CSCD REPORTS

**(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS as Submitted to TDCJ-CJAD
FUNDING SOURCE AND PROGRAM TITLE (if applicable)**

*Line items must remain separate and are not to be combined. Unused lines may be deleted.
FOR THE YEAR ENDED AUGUST 31, (fiscal year audited) (Compliance Checklist Questions 37)*

| | Actual | Per CSCD Quarterly Report | Difference* |
|---|------------------|------------------------------|------------------|
| REVENUE | | | |
| State Aid ¹ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| One-Time/Supplemental Payment (+) ² | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Deobligation (-) ³ | \$ -00,000 | \$ -00,000 | \$ -00,000 |
| Total State Aid Not Including SAFFP⁴ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| State Aid: SAFFP | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Community Supervision Fees | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Payment by Program Participants | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Interest Income | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Other Revenue | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Revenue | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| EXPENDITURES | | | |
| Salaries and Fringe Benefits | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Travel and Furnished Transportation | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Contract Services for Offenders | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Professional Fees | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Supplies and Operating Expenses | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Facilities | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Utilities | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Equipment | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Expenditure | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| OTHER FINANCING SOURCES (USES) | | | |
| Basic Supervision Interfund Transfer [+ or -] ⁵ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| CC Interfund Transfer [+ or -] (to DP or TAIP) ⁶ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Total Other Financing Sources (Uses) | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| PRIOR YEAR ENDING FUND BALANCE | | | |
| Prior Period Adjustment ⁷ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Prior Year Refund ⁸ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Refund Due to CJAD ⁹ | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| Adjusted Beginning Fund Balance | \$ 00,000 | \$ 00,000 | \$ 00,000 |
| AUDITED YEAR ENDING FUND BALANCE | \$ 00,000 | \$ 00,000 | \$ 00,000 |

¹ Prior to One-Time/Supplemental Payment & or Deobligation

² Addition to State Aid

³ Reduction to State Aid

⁴ Including One Time Payment and Deobligation, if none, state the original State Aid

⁵ BS transfers in would be associated with return of a previous transfer out.

⁶ CC transfers in are only allowable from BS or return of unused funds from DP or TAIP, CC transfer out are allowable to DP and TAIP. DP transfers in are only allowable from BS or CC, transfers out are only allowable for return of unused BS or CC funds.

⁷ Adjustment to beginning fund balance as a result of corrections and/or audit findings of

prior fiscal years, not prior quarters of the current fiscal year. This amount does not include prior-year refunds.

⁸ Amount of a previous biennium's refund to TDCJ-CJAD (Basic Supervision only).

⁹ Refunds for CC, DP, and TAIP are reported in the fourth quarter of the last year of the biennium.

* **Example: Note A:** Difference due to prior year difference between CSCD report and the General Ledger; correction was made during the current year. *Provide a brief description for each difference identified in the schedule.*

XI. COMBINED REPORT ON INTERNAL CONTROL AND COMPLIANCE

(INDEPENDENT AUDITOR LETTERHEAD)

Example report – no issues noted) (Compliance Checklist Questions 38-42.

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

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, (*fiscal year audited*), 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 (*fraud, waste, etc.*) 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.

(Signed)

(Date of letter)

Accounting Firm

XII. SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, *(fiscal year audited)*

A. APPLICABLE STATEMENTS FOR FINDINGS

Criteria

The laws, regulations, contracts, grant agreements, standards, measures, expected performance, defined business practices, and benchmarks against which performance is compared or evaluated. Criteria identify the required or desired state or expectation with respect to the program or operation. Criteria provide a context for evaluating evidence and understanding for findings.

Reportable Condition

Condition is a situation that exists. The condition is identified and documented during the audit.

Cause

The cause identifies the reason or explanation for the condition or the factor or factors responsible for the difference between the situation that exists (condition) and the required or desired state (criteria), which may also serve as a basis for recommendations for corrective actions. Common factors include poorly designed policies, procedures, or criteria; inconsistent, incomplete, or incorrect implementation; or factors beyond the control of program management. Auditors may assess whether the evidence provides a reasonable and convincing argument for why the stated cause is the key factor or factors contributing to the difference between the condition and the criteria.

Effect or Potential Effect

The effect is a clear, logical link to establish the impact or potential impact of the difference between the situation that exists (condition) and the required or desired state (criteria). The effect or potential effect identifies the outcomes or consequences of the condition. When the audit objectives include identifying the actual or potential consequences of a condition that varies (either positively or negatively) from the criteria identified in the audit. "Effect" is a measure of those consequences. Effect or potential effect may be used to demonstrate the need for corrective action in response to identified problems or relevant risks.

Recommendation

A recommendation is a suggestion or proposal as to the best course of action that falls in line with the guidelines as stipulated in the *Financial Management Manual (FMM)*.

Statement of Corrective Action Taken

A statement of corrective action taken describes in detail how a specific issue of non-compliance has been identified and addressed in order to prevent future recurrence and thus meet the guidelines as stipulated in the *Financial Management Manual*.

B. EXAMPLES

1. Criteria

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

Reportable Condition

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.

Cause

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

Effect or Potential Effect

The financial statements as presented showed assets overstated, fund balance overstated, and expenditures were understated. The financial statements were adjusted by _____ Firm and the (County Name) Community Supervision and Corrections Department, (City), Texas, is to correct fund balance with a prior period adjustment in the current fiscal year.

There are no questioned costs associated with this finding.

Recommendation / 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.

2. Criteria

The *Financial Management Manual for TDCJ-CJAD Funding* identifies allowable and unallowable expenditures.

Reportable Condition

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.

Cause

The (County Name) Community Supervision and Corrections Department, (City), Texas, has not established procedures that will identify allowable and unallowable expenditures in accordance with the *Financial Management Manual*. The department should review accounting and reporting procedures in the *Financial Management Manual*.

Effect or Potential Effect

The financial statements as presented showed fund balance understated, and expenditures were overstated. The financial statements were adjusted by _____ Firm, correcting fund balance and reporting \$___ due to TDCJ-CJAD. The (County Name) Community Supervision and Corrections Department, (City), Texas, is to correct fund balance with a prior period refund in the current fiscal year.

There are questioned costs associated with this finding, see list below:

Recommendation / Statement of Corrective Action Taken

Department will prepare procedures and department personnel and the fiscal officer will review accounting *and reporting procedures in the Financial Management Manual.*

3. **Criteria**

Government Code 509.011 (c) and Local Government Code 140.003 (f) require department funds be deposited in the county treasury (county's bank account) and are to be disbursed by the county treasurer, (or county auditor, if there is no county treasurer) from the treasury.

Reportable Condition

The process by which the CSCD collects, deposits, and disburses funds collected from probationers does not meet the criteria as stated above. The balance from a collection account controlled by CSCD personnel should be disbursed completely to the county treasury within the time period stated, even though the total amount owed is paid by probationers over time. There should be a zero balance in the collection account at the end of each required deposit period.

Cause

The (County Name) Community Supervision and Corrections Department, (City), Texas, has not established procedures to properly deposit all funds, require department funds be 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 that expenses are to be disbursed by the county treasurer, (or county auditor) from the treasury.

Effect or Potential Effect

The condition causes a lack of segregation of duties which in turn can lead to errors and irregularities.

There are no questioned costs associated with this finding.

Recommendation / Statement of Corrective Action Taken

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.

XIII. SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR PRIOR YEAR

(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE PRIOR YEAR ENDED AUGUST 31, *(prior fiscal year audited)*

If none, state that fact (Compliance Checklist questions 43-44).

If applicable: Follow-up on findings of the prior Fiscal Year. Reference GAO-12-331G Government Auditing Standards, Chapter 4.05, 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 prior engagements that could have a material effect on the financial statements or other financial data significant to the audit objectives."

XIV. TDCJ-CJAD INDEPENDENT AUDIT COMPLIANCE CHECKLIST

The Compliance Checklist FORMAT AND CONTENT are NOT TO BE ALTERED.

Indicate whether these compliance requirements have been met by answering “YES,” “NO,” or “N/A” (Not Applicable). If “N/A” is blocked out, then answers must be either “YES” or “NO”. *Please contact your Fiscal Auditor if you have any questions.*

YES NO N/A

FINANCIAL POLICIES AND PROCEDURES (Questions 1-2)

An explanation is required to be reported in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs if questions 1 and 2 are answered **NO**.

Duties of the Fiscal Officer, FMM Fiscal Officer, Texas Government Code, Section 76.004 (Question 1)

Texas Government Code, Section 76.004, effective September 1, 2001 allows the judge(s) as described by Government Code section 76.002 the option to appoint a fiscal officer, other than the county auditor, to be responsible for the following: Managing and protecting funds, fees, state aid, and receipts to the same extent that a county auditor manages county funds and funds of other local entities; Ensuring that financial transactions of the department are lawful and allowable; and Prescribing accounting procedures for the department.

1. Did the fiscal officer follow the applicable laws, guidelines, and duties as specified on Fiscal Officer section of the Financial Management Manual for TDCJ-CJAD Funding?

Cash Matching for Grants; FMM Grants, Donations, Fees... (Question 2)

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 (CC, DP, or TAIP cash matching) or for funding an accepted Strategic Plan program (Basic Supervision or CC cash matching). All expenditures from the CSCD’s matching funds shall be in accordance with the Financial Management Manual for TDCJ-CJAD Funding (see the Allowable and Unallowable Expenditures section of this manual).

2. Was cash matching properly: authorized, budgeted, and expended?

FINANCIAL STATEMENTS (Questions 3-14)

An explanation is required in the corresponding note of the Notes to the Financial Statements and in the Schedule of Findings and Questioned Costs if questions 3, 5, 7, 10, and 11 are answered **NO**. All sources identified in questions 4, 6, 8-9 & 11 are required to be reported on their designated line item of the audited financial statements and in their corresponding note. See note for further instructions.

3. Were expenditures and revenues supported by adequate documentation?

Interfund Transfers; FMM Financial Reports, Additional Reporting Requirements (Questions 4-5)

CSCDs cannot end a fiscal year with a negative fund balance in any program. Any negative fund balances in CC, DP, or TAIP must be covered by an interfund transfer from Basic Supervision. Basic Supervision can transfer funds to CC, DP, and TAIP. CC can transfer funds to DP and TAIP. Basic Supervision cannot receive funds from any programs unless those programs are returning funds they received from Basic earlier in the fiscal year. Transfers from DP and TAIP can only go to CC if they are returning funds they received from CC earlier in the fiscal year. Transfers between CCs are not allowed; they should be done by increasing/decreasing state aid. With the exception of returning unused funds, transfers cannot come from DP (even to/from another DP) unless approved by the TDCJ-CJAD Division Director.

4. Did the CSCD have any interfund transfers and/or DP fund transfers in the fiscal year audited?

5. ___ ___ ___ If any, were all interfund transfers and/or DP fund transfers noted during the audit allowable?

Deobligation, Government Code, Chapter 509, Section 509.011 (h), FMM Deobligations (Questions 6-7)

Government Code, Chapter 509, Section 509.011 (h), allows CSCDs to deobligate any unencumbered state funds held by the department during a fiscal year (Basic Supervision, CC, DP, and TAIP). Deobligations are a reduction to state aid for funds that are in excess of the amount needed to operate the programs for the remainder of the year and are not to be reported as a refund.

6. ___ ___ ___ In the fiscal year audited, did any deobligation of funds occur as a result of an excess of funds allocated to programs?

7. ___ ___ ___ Were the appropriate budget adjustments made for any reallocated funds?

One-Time/Supplemental Payments, FMM Fund Balances/Refund Policy (Questions 8)

One-time funding is awarded on a competitive basis. The priorities for distribution are determined biennially. One-time funding consists of: additional basic supplemental payment and additional one-time payments. Examples include, but are not limited to: longevity increases, one-time grant-TRAS training, research, fund movement, closed and deobligated carryover fund reobligated, insurance reduction, etc.

8. ___ ___ ___ Did the CSCD receive any One-Time Additional Grant Awards and/or Basic Supervision Supplemental Payments in of the fiscal year audited?

Unauthorized Expenditures, FMM Budgets (Questions 9-10)

*All unauthorized expenditures identified in the budget variance statements are to be reported in the related Excess of Expenditures Over Budgets note of the notes to the financial statements, see note for further instructions. **If any unauthorized expenditure that is in excess of the 15% rule, they are required to be reported in the Schedule of Findings and Questioned Costs.***

Budget total line item differences either over 15% that resulted in unauthorized expenditures (expenditures that did not receive prior approval from TDCJ-CJAD) for the fiscal year under audit in the CSCD's independent audit report shall be refunded to TDCJ-CJAD from the then-current Basic Supervision funding for the CSCD.

9. ___ ___ ___ Were any unfavorable budget variances identified in the Individual Statement of Revenues, Budget, Actual, and Variance in the fiscal year audited, including those that **were not** in excess of the 15% rule?

10. ___ ___ ___ If so, were there any unfavorable budget variances in excess of the 15% rule from the fiscal year audited that resulted in unauthorized expenditure(s) that the CSCD will be required to refund to the TDCJ-CJAD?

Prior Period Adjustments, FMM Financial Reports, Additional Reporting Requirements (Question 11)

Adjustment to beginning fund balance as a result of corrections and/or audit findings of prior fiscal years, **not prior quarters of the current fiscal year**. This amount does not include prior-year refunds.

11. ___ ___ ___ If the CSCD had any unauthorized expenditure refunds resulting from the audit conducted in the **prior fiscal year**, were these refunds properly reported as prior period

adjustments on the quarterly financial report in the period that the funds were paid and returned to TDCJ-CJAD?

BASIS OF ACCOUNTING (Questions 12-14)

An explanation is required in the Basis of Accounting portion of the Notes to the Financial Statements and in the Schedule of Findings and Questioned Costs if questions 12-14 are answered NO.

Basis of Accounting Requirements, FMM Fiscal Officer, Duties of the Fiscal Officer and Financial Reports
(Questions 12-14)

FMM, Fiscal Officer, Duties of the Fiscal Officers: Managing and protecting funds, fees, state aid, and other receipts of money. Each program is to be maintained utilizing a separate self-balancing set of financial books and accounting records in accordance with proper fund accounting.

FMM Financial Reports, Basis of Accounting: Although funding recipients are encouraged to use the modified accrual basis of accounting for each quarter, the first, second, and third quarter reports may be prepared on the cash basis method of accounting. The fourth quarter report, which closes out the fiscal year, must be prepared on the modified accrual basis of accounting.

In order for the funding recipient to report an accrual, as of August 31, on the fourth quarter report, TDCJ-CJAD requires that the expenditures be paid and the item received by October 31.

12. ___ ___ Was separate accountability maintained for TDCJ-CJAD funds; i.e., fund accounting of self-balancing funds?
13. ___ ___ Was the modified accrual basis of accounting used in preparing the fourth quarter reports for submission to TDCJ-CJAD?
14. ___ ___ Were proper cutoff procedures observed at the end of each fiscal period? *The cutoff date for revenues recognition and expenditures payments of the fiscal year audited is **October 31, of the fiscal year audited.***

FUNDS COLLECTED FROM SOURCES OTHER THAN TDCJ-CJAD REQUIRED TO BE REPORTED ON THE TDCJ-CJAD QUARTERLY FINANCIAL REPORTS (Questions 15-24)

An explanation is required in the Funds Collected from Sources Other Than TDCJ-CJAD Which are Required to be Reported on the TDCJ-CJAD Quarterly Financial Reports note of the Notes to Financial Statements and in the Schedule of Findings and Questioned Costs, if questions 15-16, or 24, are answered NO or 18-19, or 22-23 answered YES.

*If any of the fees identified in questions 17, 20, and 21 were collected, they **are required** to be reported in the Funds Collected from Sources Other Than TDCJ-CJAD Which are Required to be Reported on the TDCJ-CJAD Quarterly Financial Reports note of the Notes to Financial Statements.*

15. ___ ___ Were TDCJ-CJAD funds and locally generated revenues expended in accordance with the Financial Management Manual for TDCJ-CJAD funding (FMM), TDCJ-CJAD Standards, TDCJ-CJAD field correspondence, TDCJ-CJAD Policy Statements, Special Grant Conditions, and applicable laws?
16. ___ ___ Were locally generated funds, and other collections, documented with a proper receipt system, and can they be traced to probationers' accounts, bank deposits, and statements?

Administrative Fees, Texas Government Code Section 76.015c, FMM Statutory Requirements (Questions 17-19)

Government Code Chapter 76 Community Supervision and Corrections Departments Section 76.015c states: A department may assess a reasonable administrative fee of not less than \$25 and not more than \$60 per month on an individual who participates in a program operated by the department or receives services from the department and who is not paying a monthly fee under Article 42A.652, Code of Criminal Procedure (i.e. Community Supervision Fees).

17. ___ ___ Did the CSCD collect any **administrative fees of \$25-\$60** from **offender and/or non-offender individuals** who either participate in a TDCJ-CJAD funded program or receive services from the department and who are not paying a monthly fee under Articles 42A Code of Criminal Procedure (i.e. Community Supervision Fees)?

18. ___ ___ ___ If collected, when the CSCD assessed the administrative fee, did the CSCD assess less than \$25 or more than \$60 for the fee?

19. ___ ___ ___ If collected, did the CSCD assess administrative fees of \$25-\$60 for those individuals who also pay a monthly supervision fee under Articles 42A.652 Code of Criminal Procedure?

Fees for Pretrial Intervention Programs; Texas Code of Criminal Procedure Chapter 102.012, FMM Statutory Requirements (Questions 20)

Code of Criminal Procedure Chapter 102 Subchapter A General Costs Article 102.012, Fees for Pretrial Intervention Program states: (a) A court that authorizes a defendant to participate in a pretrial intervention program established under Section [76.011](#), Government Code, may order the defendant to pay to the court a supervision fee in an amount not more than \$60 per month as a condition of participating in the program. (b) In addition to or in lieu of the supervision fee authorized by Subsection (a), the court may order the defendant to pay or reimburse a community supervision and corrections department for any other expense that is: (1) incurred as a result of the defendant's participation in the pretrial intervention program, other than an expense described by Article [102.0121](#); or (2) necessary to the defendant's successful completion of the program.

20. ___ ___ Did the CSCD collect fees for **pretrial intervention programs** in the fiscal year audited?

Administrative Fee (i.e. Transaction Administrative Fee); Texas Code of Criminal Procedure, Article 102.072, FMM Statutory Requirements (Questions 21-24)

Texas Code of Criminal Procedure, Article 102.072; Administrative Fee states: An officer listed in Article [103.003](#) or a community supervision and corrections department may assess an administrative fee for each transaction made by the officer or department relating to the collection of fines, fees, restitution, or other costs imposed by a court. The fee may not exceed \$2 for each transaction. This article does not apply to a transaction relating to the collection of child support. A "transaction" is defined as an event that involves the collection of money for one or more purposes that results in a preparation of a single receipt. CSCDs shall not prepare separate receipts for money received during a single event for multiple purposes (i.e. in order to collect multiple \$2 administrative fees).

The "transaction" administrative \$2 fee is required to be budgeted and reported as Other Revenue in Basic Supervision.

21. ___ ___ Did the CSCD collect **administrative fees** (i.e. **transaction administrative fees**) for each transaction made by the department relating to the collection of fines, fees, restitutions, or other costs imposed by a court during the fiscal year audited?

22. ___ ___ ___ If collected, did any single **transaction administrative** fee exceed the allowable \$2?

23. ___ ___ ___ If collected, during each transaction, does the CSCD issue separate receipts for each fine, fee, restitution, or other cost paid while charging the \$2 **transaction administrative fee** for each receipt?

24. ___ ___ ___ If collected, was the **transaction administrative fee** budgeted and recorded as Other Revenue in Basic Supervision and accounted for on a consistent basis (FMM Statutory Requirements)?

CASH, COLLECTIONS, CHANGE FUND, PETTY CASH (Questions 25-28)

An explanation is required to be reported in the Cash, Collections, Change Fund, Petty Cash & Investments note of the Notes to the Financial Statements and included in the Schedule of Findings and Questioned Costs if questions 25-28, 30, 34-35, and 36 are answered **NO**. All change fund and petty cash funds are required to be reported in the Cash, Collections, Change Fund, and Petty Cash & Investments note of the Notes to the Financial Statements.

Deposits and Disbursement Requirements, (Questions 25-28)

Government Code, Section 509.011 (c) Each department, county, or municipality shall deposit all state aid received from the division in a special fund of the county treasury or municipal treasury, as appropriate, to be used solely for the provision of services, programs, and facilities under this chapter or Subchapter H, Chapter [351](#), Local Government Code.

Local Government Code, Section 140.003 (f) Each specialized local entity (CSCD) shall deposit in the county treasury of the county in which the entity has jurisdiction the funds the entity receives. The county shall hold, deposit, disburse, invest, and otherwise care for the funds on behalf of the specialized local entity (CSCD) as the entity (CSCD) directs. If a specialized local entity has jurisdiction in more than one county, the district judges having jurisdiction in those counties, by a majority vote, shall designate from among those counties the county responsible for managing the entity's funds.

Local Government Code, Section 113.022 (a) A county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received. However, in a county with fewer than 50,000 inhabitants, the commissioners court may extend the period during which funds must be deposited with the county treasurer, but the period may not exceed 15 days after the date the funds are received. (b) A county treasurer shall deposit the money received under Subsection (a) in the county depository in accordance with Section [116.113](#)(a). In all cases, the treasurer shall deposit the money on or before the seventh business day after the date the treasurer receives the money.

Local Government Code, Section 113.001. COUNTY TREASURER AS CHIEF CUSTODIAN OF MONEY. The county treasurer, as chief custodian of county funds, shall keep in a designated depository and shall account for all money belonging to the county.

Local Government Code, Section 116.113. DEPOSIT OF FUNDS. (a) Immediately after the commissioners court designates a county depository, the county treasurer shall transfer to the depository all of the county's funds and the funds of any district or municipal subdivision of the county that does not select its own depository. The treasurer shall also immediately deposit with the depository to the credit of the county, district, or municipality any money received after the depository is designated.

Local Government Code Section 116.115. CLEARINGHOUSE FOR MULTIPLE DEPOSITORIES. If the funds of a county are deposited with more than one depository, the commissioners court shall by order name one of the depositories to act as a clearinghouse for the others. All county orders for payment are finally payable at the depository named as the clearinghouse.

- | | | | |
|-----|-----|-----|---|
| 25. | ___ | ___ | Were all the CSCD's state aid and net funds (revenues) received, deposited, and held in a special fund of the county treasury (county's bank account) during the fiscal year audited? |
| 26. | ___ | ___ | Were all the CSCD's state aid and net funds (revenues) received: held, deposited, disbursed, invested, and otherwise cared for by the county on behalf of the CSCD, as the CSCD directed during the fiscal year audited? |
| 27. | ___ | ___ | Were all the CSCD's state aid and net funds' (revenues) received deposited in the county treasury (county's bank account) within the time period required by Local Government Code 113.022 during the fiscal year audited? |
| 28. | ___ | ___ | Were all the CSCD's collection accounts' remaining net funds (revenues) transferred to the county treasury (county's bank account) within the time period required by Local Government Code 113.022 during the fiscal year audited? |

Change Fund, Local Government Code, Chapter 130, Section 130.902 (a), FMM Fiscal Change Fund (Questions 29-30)

Local Government Code, Chapter 130, Section 130.902 (a) The commissioners court of a county may set aside from the general fund of the county an amount approved by the county auditor for use as a change fund by any county or district official who collects public funds. The fund may be used only to make change in connection with collections that are due and payable to the county, the state, or another political subdivision of the state that are often made by the official. (b) The bond of that official who receives such a change fund must cover the official's responsibility for the correct accounting and disposition of the change fund.

29. ___ ___ Did the CSCD maintain a **change fund** authorized by the fiscal officer in the fiscal year audited? Change Funds are not to be confused with petty cash funds (*FMM Fiscal Officer*).

30. ___ ___ ___ Was the **change fund only** used to make change in connection with collections that are due and payable to the CSCD?

Petty Cash Utilizing CSCD Funds, Local Government Code, Section 130.909, FMM Petty Cash (Questions 31-35)

Local Government Code, Section 130.909. (a) The commissioners court of a county may set aside from the general fund of the county, for the establishment of a petty cash fund for any county or district official or department head approved by the commissioners court, an amount approved by: (1) the county auditor, for a county with a population of 3.3 million or more; or (2) the commissioners court, for a county with a population of less than 3.3 million. (FMM, State Payments, Financial Reports, Community Corrections Facility and Fiscal Officer)

31. ___ ___ Did the CSCD maintain **petty cash** in the fiscal year audited?

32. ___ ___ ___ Was the petty cash fund maintained by **utilizing the CSCD's funds** authorized by the county auditor?

33. ___ ___ ___ Was the petty cash fund maintained by **utilizing NON-CSCD revenues** (i.e. vending machine revenues)?

34. ___ ___ ___ Were **petty cash funds utilizing CSCD's funds** used only for specific purposes for allowable items as listed in the Financial Management Manual for TDCJ-CJAD Funding?

35. ___ ___ ___ Were **petty cash funds utilizing CSCD's funds** expended only for emergency situations authorized by a written policy and approved by the CSCD director?

Employee Surety Bond Coverage, FMM Employee Surety Bond Coverage (Question 36)

CSCD directors shall ensure that all public funds are protected by requiring that all employees with access to funds are covered by Employee Surety Bond coverage and that all funds maintained on CSCD premises are protected by appropriate insurance or bonding. Funds on CSCD premises shall not exceed insurance/bond limits of coverage. CSCDs that have been authorized to have a change fund shall have Employee Surety Bond coverage on the employee who maintains and administers the change fund or petty cash fund, and the coverage shall include the employee's responsibility for the correct accounting and disposition of the change fund or petty cash fund.

36. ___ ___ Were all employees who had access to public funds and/or maintained and administered public funds, change funds and petty cash, which cover the employees' responsibility for the correct accounting and disposition of the change fund and petty cash, covered by an employee surety bond?

SCHEDULE OF DIFFERENCES (Questions 37)

An explanation is required to be reported in the Schedule of Differences, Notes to the Financial Statements and in the Schedule of Findings and Questioned Costs if questions 37 is answered **NO**.

37. ___ ___ Were revenues and expenditures as reported to TDCJ-CJAD on the quarterly financial reports in agreement with the funding recipient's accounting records (CSCD's actuals), the last approved budget, and with audited financial statements?

COMPLIANCE AND OTHER MATTERS; Standards for Financial Audits; Chapter 4, Item 4.25 Government Auditing Standards (Questions 38-42)

An explanation is required to be reported in the Report on Compliance and Internal Control and in the Schedule of Findings and Questioned Costs If questions 38-42 are answered **YES**.

38. ___ ___ Were there any instances of deficiencies in internal control noted by the auditor?

39. ___ ___ Were there any instances of non-compliance noted by the auditor?

40. ___ ___ Were there any instances of fraud noted by the auditor?

41. ___ ___ Were there any instances of waste noted by the auditor?

42. ___ ___ Were there any instances of abuse noted by the auditor?

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Standards for Financial Audits; Chapter 4, Item 4.05, Government Auditing Standards (Questions 43-44)

An explanation is required to be reported in Schedule of Findings and Questioned Costs for Prior Year if questions 43-44 are answered **NO**.

43. ___ ___ ___ Do any action plans exist for significant findings from prior year audits?

44. ___ ___ ___ If action plans exist from prior year audit findings, are they current?