

COLLIN COUNTY, TEXAS

SINGLE AUDIT REPORT

**YEAR ENDED
SEPTEMBER 30, 2009**

COLLIN COUNTY, TEXAS

TABLE OF CONTENTS

SEPTEMBER 30, 2009

	<u>Page Number</u>
Report on Compliance and on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1 – 2
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	3 – 4
Schedule of Expenditures of Federal and State Awards.....	5 – 7
Notes to Schedule of Expenditures of Federal and State Awards	8
Schedule of Findings and Questioned Costs.....	9 – 15
Summary Schedule of Prior Audit Findings.....	16

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable County Judge
and Commissioners' Court
Collin County, Texas

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Collin County, Texas (the "County") as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting, Items 2009-1 and 2009-4.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2009-1 and 2009-4 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2009-2 and 2009-3.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the County, and appropriate federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Patillo, Brown & Hill, L.L.P.

April 29, 2010

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable County Judge
and Commissioners' Court
Collin County, Texas

Compliance

We have audited the compliance of Collin County, Texas, (the "County") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended September 30, 2009. The County's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended September 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-2 and 2009-3.

Internal Control Over Compliance

The management of Collin County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 2009-2 and 2009-3 to be material weaknesses.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended September 30, 2009, and have issued our report thereon dated April 29, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Collin County, Texas' basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as whole.

This report is intended solely for the information and use of the audit committee, management, others within the County, and appropriate federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Patillo, Brown & Hill, L.L.P.

April 29, 2010

COLLIN COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED SEPTEMBER 30, 2009

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grantor's Pass-through Number	Federal Expenditures
FEDERAL AWARDS			
<u>U. S. Department of Agriculture</u>			
Passed through the Texas Department of State Health Services:			
Women, Infants and Children	10.557	TDH-7560008736-09	\$ 1,351,710
Total Passed through the Texas Department of Health			<u>1,351,710</u>
Total U. S. Department of Agriculture			<u>1,351,710</u>
<u>U. S. Department of Justice</u>			
Passed through the City of Plano:			
Justice Assistance Grant 2007	16.738	2007-DJ-BX-0167	<u>27,471</u>
Total Passed through the City of Plano			<u>27,471</u>
Passed through the Bureau of Justice Assistance:			
Bulletproof Vest Partnership Program	16.607	2007-2010	<u>22,893</u>
Total Passed through the Bureau of Justice Assistance			<u>22,893</u>
Total U. S. Department of Justice			<u>50,364</u>
<u>U. S. Center for Disease Control</u>			
Passed through Department of State Health Services:			
Tuberculosis 2009	93.116	7560008736*2009-01	142,029
Tuberculosis 2010	93.116	7560008736*2010-01	12,788
Immunization Outreach 2009	93.268	TDH-17560008736-09	300,633
Immunization Outreach 2010	93.268	TDH-17560008736-10	56,933
Breast Cancer and Cervical Services	93.919	2008-022877-001	1,442
Preventive Health and Health Services Block Grant	93.991	2008-024480	7,481
Preventive Health and Health Services Block Grant	93.991	2009-024480	18,537
Preventive Health and Health Services Block Grant	93.991	2010-024481	6,873
Total Passed through Department of State Health Services			<u>546,716</u>
Total U. S. Center for Disease Control			<u>546,716</u>

(continued)

COLLIN COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

(Continued)

YEAR ENDED SEPTEMBER 30, 2009

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grantor's Pass-through Number	Federal Expenditures
<u>U. S. Department of Health and Human Services</u>			
Passed through National Association of County and City Health Officials:			
Medical Reserve Corp	93.008	1 MRCSG061001-01	\$ 453
Total Passed through National Association of County and City Health Officials			<u>453</u>
Passed through U. S. Department of Health and Human Services:			
Bioterrorism FY 09	93.283	TDH-17560008736-2009	483,364
City Readiness Initiative 09	93.283	7560008736 2009	<u>130,147</u>
Total Passed through U. S. Department of Health and Human Services			<u>613,511</u>
Passed through Texas Department of Protective and Regulatory Services:			
Title IV-E Foster Care (CPS) 2009	93.658	TJPC-E-043-09	3,762
Title IV-E Foster Care - Legal	93.658	2003033314	59,517
Title IV-E Foster Care - Concrete Services 2008	93.658	23344859	<u>650</u>
Total Passed through Texas Department of Protective and Regulatory Services			<u>63,929</u>
Total U. S. Department of Health and Human Services			<u>677,893</u>
<u>U. S. Department of Homeland Security</u>			
Passed through GDEM:			
Urban Area Security Initiative II 2006	97.008	2005 HSGP-48085	1,350
Urban Area Security Initiative II 2007	97.008	2007-GE-T7-0024	371,396
Urban Area Security Initiative II 2008	97.008	2008-GE-T8-0034	107,411
EMPG 2008	97.042	08TX-EMPG-0082	30,000
LETPP 2007	97.074	2007-GE-T7-0024	<u>4,755</u>
Total Passed through GDEM			<u>514,912</u>
Total U. S. Department of Homeland Security			<u>514,912</u>
Total Federal Awards			<u>\$ 3,141,595</u>

COLLIN COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED SEPTEMBER 30, 2009

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grantor's Pass-through Number	Federal Expenditures
STATE AWARDS			
<u>Texas Task Force on Indigent Defense</u>			
Indigent Defense Formula Grant	N/A	212-08-043	\$ 566,832
Total Texas Task Force on Indigent Defense			<u>566,832</u>
<u>State Comptroller of Public Accounts</u>			
Chapter 19 Election	N/A	N/A	104,558
Tobacco Compliance Grant	N/A	N/A	<u>14,410</u>
Total State Comptroller of Public Accounts			<u>118,968</u>
<u>Office of the Attorney General</u>			
Texas VINE Program	N/A	907790	<u>30,108</u>
Total Office of the Attorney General			<u>30,108</u>
<u>Texas Commission on Environmental Quality</u>			
Air Check Texas	N/A	582-2-55082-04	5,130,273
RSVP Smoking Vehicle	N/A	582-8-89950	10,477
Clean Vehicle Fleet	N/A	582-8-89950	<u>432,589</u>
Total Texas Commission on Environmental Quality			<u>5,573,339</u>
Total State Awards			<u>6,289,247</u>
Total Expenditures of Federal and State Awards			<u>\$ 9,430,842</u>

COLLIN COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2009

1. GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards programs of Collin County, Texas. The County's reporting entity is defined in Note 1 of the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal and State Awards.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements.

COLLIN COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Summary of Auditors' Results

Type of report on financial statements	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	2009-1, 2009-4
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs:	
Material weakness(es) identified?	2009-2, 2009-3
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	2009-2, 2009-3
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133	2009-2, 2009-3
Dollar threshold considered between Type A and Type B federal programs	\$300,000
Low risk auditee statement	The County was classified as a low-risk auditee in the context of OMB Circular A-133.
Major federal programs	U. S. Center for Disease Control - Immunization Outreach, CFDA #93.268 Department of Health and Human Services, CFDA # 93.283 Investigations and Technical Assistance - CRI, CFDA #93.283
Major state programs	Clean Vehicle Fleet Indigent Defense Air Check Texas

(continued)

COLLIN COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

SEPTEMBER 30, 2009

**Findings Related to the Financial Statements Which are
Required to be Reported in Accordance With Generally
Accepted Government Auditing Standards**

Item 2009-1:

Condition: While reviewing inventory, we noted that the inventory count and valuation performed by a third party did not agree to the general ledger.

Cause: The County performs their own counts of inventory as well as having a third party conduct counts. However, the County does not follow the inventory valuations all the way to the general ledger. In switching to a new procedure to adjust inventory on the general ledger that took effect on October 1, 2009, the County did not adjust the values as of September 30, 2009.

Effect: The general ledger was misstated by a material amount.

Recommendation: The final step to counting and valuing inventory should be to agree it to the general ledger. Management should review the test counts and valuations performed at year-end and make sure that the general ledger accurately reflects the inventory on hand within an immaterial amount.

Management's Response: Inventory control procedures for road materials were changed and improved effective October 1, 2009; however, an automated journal entry from the old procedures was not accrued. A journal entry was promptly entered during the audit and our new processes should prevent this from reoccurring.

Contact Person Responsible
for Corrective Action: Jeff May, County Auditor

Anticipated Completion
Date: October 1, 2009

(continued)

COLLIN COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

SEPTEMBER 30, 2009

Findings and Questioned Costs for Federal and State Awards

Item 2009-2:

State of Texas Commission on Environmental Quality
Air Check Texas

Condition:

The County did not perform its required duties as a pass-through entity.

Criteria:

Per the State of Texas Uniform Grant Management Standards (UGMS), a pass-through entity shall perform the following for the state awards it makes:

1) Identify state awards made by informing each subrecipient of the state program name and state program number (if a number is used), CFDA title and number (if used to identify the state program), other relevant identifier, award name and number, award year, and name of state agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the state award.

(2) Advise subrecipients of requirements imposed on them by state laws, regulations, and the provisions of contracts or grant agreements, as well as any supplemental requirements imposed by the pass-through entity. The requirements shall either be stated in the contracts or grant agreements, or be included by specific reference in the contracts or grant agreements.

(3) Monitor the activities of subrecipients as necessary to ensure that state awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

(4) Ensure that subrecipients expending \$500,000 (for fiscal years ending after December 31, 2003) or more in state awards during the subrecipient's fiscal year have met the audit requirements of this audit circular for that fiscal year.

(5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.

(continued)

COLLIN COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

SEPTEMBER 30, 2009

Findings and Questioned Costs for Federal and State Awards (Continued)

Item 2009-2: (Continued)

Criteria: (Continued)

(6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.

(7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this audit circular.

(8) When state awards are made with federal awards to a subrecipient, as required match, inform the subrecipient of the proportion of federal and state funds disbursed to the subrecipient to facilitate the subrecipient's separate calculations of expenditures of federal awards and state awards for its fiscal year.

(9) When state awards are made to a subrecipient to supplement federal awards, the state awards are not used to meet a federal matching requirement, and requirements of the state award differ from the requirements of the federal award (e.g., different activities are allowed or disallowed, or different allowable costs or cost principles are used), the pass-through entity shall also provide information as to the amount of each award to the recipient at the time the award is made to facilitate the subrecipient's accounting for and compliance with the requirements of each award during the term of such award.

(10) Identify, at the time of award, any state awards made which are part of a state cluster of programs.

Cause:

The County was not aware that the award passed through the County to North Central Texas Council of Governments (NCTCOG) was a grant from the State of Texas.

Effect:

The County did not perform their duties and responsibilities described above.

(continued)

COLLIN COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

SEPTEMBER 30, 2009

Findings and Questioned Costs for Federal and State Awards (Continued)

Item 2009-2: (Continued)

Recommendation:

We recommend the County review all contracts and awards coming from another governmental agency to determine if it is a grant. The County should also review all agreements funded by federal or state grants to ensure that all subrecipients of the County are properly notified of the origination of the grant funds, the requirements of the grants, and that they are properly monitored by the County.

Management's Response:

The Air Check Texas program has been monitored by the County as a contractual agreement in the past. All expenditures by the subrecipient, North Central Texas Council of Governments (NCTCOG), regarding the Air Check Texas program have been accounted for. In the future, the County will ensure that NCTCOG and any other subrecipients have met audit requirements of UGMS. We will immediately contact NCTCOG and obtain a copy of their most recent audit to ensure compliance with UGMS. The County will also monitor all future contracts and awards coming from other governmental agencies to determine if they are grants.

Contact Person Responsible for Corrective Action:

Jeff May, County Auditor

Anticipated Completion Date:

August 1, 2010

Item 2009-3:

U. S. Center for Disease Control
Immunization Outreach, CFDA #93.268

Condition:

The County was receiving reimbursement prior to making a payment to a vendor.

Criteria:

Per the A-133 Compliance Supplement under the Cash Management requirement, "When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government."

(continued)

COLLIN COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) SEPTEMBER 30, 2009

Findings and Questioned Costs for Federal and State Awards (Continued)

Item 2009-3: (Continued)

Cause:

The County has a contract with a vendor stipulating that the County will reimburse the vendor a specified dollar amount for each immunization given. The vendor sends the County documentation on the immunizations given monthly. The County requests reimbursement from the Federal Government based on this documentation. The vendor only asks for payment from the County on a quarterly basis.

Effect:

The County is being reimbursed on a monthly basis for expenditures that will not be paid until the end of the quarter.

Recommendation:

We recommend that the County either ask the vendor to invoice them monthly or to request reimbursement from the Federal Government quarterly. In either scenario, the County should send a check to the vendor prior to submitting their reimbursement request to the Federal Government.

Management's Response:

The pass-through agency, Department of State Health Services (DSHS), is notified on the Financial Statement Reimbursement Request (FSR) that the reimbursement for immunization services is being requested on a modified accrual basis of accounting. The County has been paying the vendor quarterly as stipulated in the contract with the vendor; however, the vendor has been invoicing the County monthly. The County will work with the vendor to revise the contract so that payments will be made monthly, and the County will no longer request reimbursement until payment has been made.

Contact Person Responsible
for Corrective Action:

Jeff May, County Auditor

Anticipated Completion
Date:

We will immediately cease requesting reimbursements on a modified accrual basis of accounting, and we will modify the contract effective September 1, 2010.

(continued)

COLLIN COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

SEPTEMBER 30, 2009

Findings and Questioned Costs for Federal and State Awards (Continued)

Item 2009-4:

Condition:

While reviewing bank reconciliations, we noted that several agency fund reconciliations were not accurately completed and did not agree to the account balances on the general ledger.

Effect:

By not preparing bank reconciliations correctly, the County may not have an accurate picture of its cash balances at the end of each month. Also, a bank reconciliation that does not agree to the general ledger may indicate that funds are being misappropriated.

Cause:

The primary cause of this condition is poorly designed procedures. Department heads complete bank reconciliations and some of them may not have adequate training on how to reconcile bank balances to general ledger balances. Also, their work is not normally reviewed by the Internal Audit Department.

Recommendation:

We recommend bank reconciliations be initially prepared by an employee lower than the department head and then reviewed by the department head for accuracy. Employees charged with preparing bank reconciliations should be properly trained and should prepare the reconciliation as soon after the end of each month as possible. Also, the Internal Audit Department should review bank reconciliations on a sample basis and review all bank reconciliations at fiscal year-end.

Management's Response:

The County has changed its audit procedures to include a required review of all agency bank statements and reconciliations as part of its quarterly statutory required audits. This change has been assigned by the County Auditor, Jeff May, to Internal Audit. All quarterly audits are anticipated to be completed by September 30, 2010, including completion of bank reconciliations.

Contact Person Responsible
for Corrective Action:

Jeff May, County Auditor

Anticipated Completion

Date:

September 30, 2010

COLLIN COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Item 2008-1:

Condition:

While reviewing bank reconciliations, we noted that several agency fund reconciliations were not accurately completed and did not agree to the account balances on the general ledger.

Effect:

By not preparing bank reconciliations correctly, the County may not have an accurate picture of its cash balances at the end of each month. Also, a bank reconciliation that does not agree to the general ledger may indicate that funds are being misappropriated.

Cause:

The primary cause of this condition is poorly designed procedures. Department heads complete bank reconciliations and some of them may not have adequate training on how to reconcile bank balances to general ledger balances. Also, their work is not normally reviewed by the Internal Audit Department.

Recommendation:

We recommend bank reconciliations be initially prepared by an employee lower than the department head and then reviewed by the department head for accuracy. Employees charged with preparing bank reconciliations should be properly trained and should prepare the reconciliation as soon after the end of each month as possible. Also, the Internal Audit Department should review bank reconciliations on a sample basis and review all bank reconciliations at fiscal year-end.

Current Status:

This matter remains unchanged.