



TEXAS DEPARTMENT OF CRIMINAL JUSTICE

Brad Livingston
Executive Director

August 18, 2009

TO: Community Supervision and Correction Department Directors

FROM: Marcia Roberts, Director of Fiscal Management, TDCJ-CJAD

SUBJECT: FY 2009 Independent Audit Guidelines, Compliance Requirements, and Standard Reporting Formats

Attached are six (6) pages of the FY 2009 Independent Audit Guidelines and eleven (11) pages of the Standard Reporting Formats. Please note that new additional requirements (in bold print) are included in the guidelines. CSCDs are advised to discuss the detailed requirements and the following timetable for the FY 2009 audit with the independent auditors before concluding the engagement. This is to ensure that the auditors will be able to carry out the audit within the stated period.

- 1) Audit engagement letters, together with the audit firm's quality control review reports are to be submitted to TDCJ-CJAD no later than September 30, 2009.
- 2) Only 2 copies of the audit report are due to TDCJ-CJAD by March 31, 2010.
- 3) A risk score analysis concerning audit reviews by TDCJ-CJAD is now prepared yearly for each CSCD. This score is based upon financial information, audit results and audit findings.
- 4) Audit reports must disclose and list all vendors' **contracts** for offender services with values of \$100,000 or more entered into by the CSCDs and the respective contract amounts involved.
- 5) If you previously submitted a Contract Monitoring Plan to TDCJ-CJAD with your FY07 or FY08 independent audit reports, you do not need to submit the Plan with the FY09 audit report. However, if you have not previously submitted the Contract Monitoring Plan for your CSCD, or if your Plan has had a major revision since the last submission, please submit a copy with the FY 2009 audit report.
- 6) Insure that your independent auditor has an updated copy of the TDCJ-CJAD FY 2009 Compliance Checklist (copy enclosed).

Please forward a copy of the guidelines and the standard reporting formats to your independent auditor. The CSCDs are to contact their respective TDCJ-CJAD budget analyst to compare the department's final budget with the final budget on record at TDCJ-CJAD. This follow-up on approved budgets will ensure that the independent auditor has the most current approved budget to conduct the audit and will reduce audit review findings. If you have any questions, please contact me at (512) 463-8266. Thank you for your cooperation.

cc: Fiscal Officers

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

Fiscal Year 2009

Independent Audit Guidelines

August 18, 2009

FY 2009 INDEPENDENT AUDIT GUIDELINES

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

Audit Engagement Letters

A copy of the independent audit engagement letter is to be forwarded to TDCJ-CJAD no later than September 30, 2009. The independent audit firm should also attach a copy of its quality control review report with the engagement letter. Government Auditing Standards require organizations conducting audits for governmental departments to have an external quality control review at least once every three (3) years by an organization not affiliated with the organization being reviewed. TDCJ-CJAD will review the engagement letters to ensure that the recommended terms are included. Any engagement letter that does not include the recommended terms must be rewritten **to include those terms**. The recommended terms are as follows:

- The engagement letter is to state that the audit is to be performed in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States.
- The engagement letter is to indicate that any audit opinion expressed will state whether the reports are presented in accordance with TDCJ-CJAD reporting requirements.
- The engagement letter is to state that TDCJ staff and/or State Auditor staff will be granted reasonable access to the working papers upon written request.
- The engagement letter is to state that audit working papers are to be retained for three (3) years from the date of the audit report.

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 are expended in accordance with TDCJ-CJAD approved budgets; and

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

COMPLIANCE REQUIREMENTS

Applicable Laws and Regulations

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

- Article 42.12 of the Texas Code of Criminal Procedures;
- Chapter 76 and Chapter 509 of the Vernon's Texas Codes Annotated Government Code;
- Compliance with bidding requirements as codified in the Vernon's Texas Codes Annotated; Local Government Code, Chapter 262, Subchapter C;
- Family Code, Section 157.213;
- The Financial Management Manual for TDCJ-CJAD Funding, revised June 1, 2008;
- The Contract Management Manual for TDCJ-CJAD Funding of Offender Services;
- The TDCJ-CJAD Standards for CSCDs, revised April 2008 (Financial Section); and
- TDCJ-CJAD Standard and Special Conditions for receiving grant funds **as numerated in the Grant Award Statement.**

General Requirements

- All TDCJ-CJAD administered funds and locally generated program funds are to be audited, including Basic Supervision, Community Corrections (CC) Program Funds, Diversion Program (DP) Funds, and Treatment Alternatives to Incarceration Program (TAIP) Funds.
- CSCDs that previously submitted a Contract Monitoring Plan to TDCJ-CJAD with the FY07 or FY08 independent audit reports do not need to submit the Plan with the FY09 audit report. However, if the Plan was not previously submitted, or if the Plan has had a major revision since the last submission, then those CSCDs with vendor contracts for all services to offenders are to send to TDCJ-CJAD, along with the Independent Audit Report, a copy of their current Plan (vendor monitoring policy) on monitoring vendor payments and services.
- Audits are to cover the 12-month period of September 1, 2008 through August 31, 2009.
- Financial statements must be prepared using the modified accrual basis of accounting.
- As defined in the Financial Management Manual for TDCJ-CJAD Funding, revised June 1, 2008, revenues and expenditures accrued as of August 31, 2009 **AND** those goods received and paid for as of October 31, 2009, are to be included in the Fiscal Year 2009 Quarterly Financial Reports.
- CSCDs must have and operate by an existing policy on budget approval, and the policy must be approved in an open meeting by the judges charged with oversight of the CSCD (Government Code, Section 76.002, and TDCJ-CJAD's Financial Management Manual).
- Audit Reports must disclose and list all vendor contracts for offender services with values of \$100,000 or more.

- **Audit Reports must disclose and list all other funding sources for the CSCD (sources other than TDCJ-CJAD), including, but not limited to, grants from other sources, county contributions, fees collected pursuant to Family Code, Section 157.213 (civil fees), and other fees collected by the CSCD that are not associated with programs funded by TDCJ-CJAD. This discloser must include the source, the amount, any restrictions on fund use, whether or not a separate budget is required by the funding source, and that the funds were expended in accordance with any applicable limitations.**
- The CSCD is to confirm its final TDCJ-CJAD approved budget for all programs with the TDCJ-CJAD Budget Section before providing the information to the independent auditor.
- 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. For example, “The difference in Supervision Fees amounting to \$500 was caused by the timing difference of reporting the August receipts of the previous fiscal year.” Please note that responses such as “Differences in Supervision Fees amounting to \$500 were caused by timing difference” are not specific and will not be acceptable.
- All audit findings and recommendations regarding financial and compliance matters are to be thoroughly addressed in the exit conference.
- Independent Audit Reports are to include the description of all relevant funds as contained in the Financial Management Manual for TDCJ-CJAD Funding.
- Independent Audit Reports must include a report on the CSCD’s Community Service Restitution (CSR) programs that **previously allowed** offenders to make payment in lieu of performing CSR work. **Such reports, which can be shown as notes to the Audit Report, should include the fund balance, what the money is used for, and if the CSCD is currently allowing offenders to make payments in lieu of performing CSR work. (Refer to Texas Attorney General Opinion No. GA-0593, 2008.)**
- Two copies of audit reports are due to TDCJ-CJAD by March 31, 2010.

STANDARD REPORT CONTENTS

Minimum standards—report contents—will include the following:

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

- An Independent Auditor's Opinion;
- A Combined Statement of Financial Position;
- A Combined Statement of Revenues, Expenditures and Changes in Fund Balances;
- Individual Statements of Revenues, Expenditures and Changes in Fund Balances for each program, reflecting Budget, Actual, Variance, and prior-year actual comparative information;
- Schedule of Differences between the actual amounts per the Audit Report and the amounts reported in the CSCD's Quarterly Financial Reports, **with detailed and specific explanations of all differences**;
- Applicable notes to the financial statements should include, but are not limited to, the accounting basis, description of individual programs, explanations for line item expenditures that exceed \$15,000 or 15% (whichever is greater) of the approved line item budgeted amount in individual programs, and any interfund transfers receivable and payable;
- Independent Auditor's Report on Compliance and on Internal Control;
- Schedule of Findings and Questioned Costs for FY 2009, including the independent auditor's recommendations for alleviating such findings in the future or for correcting certain findings;
- Follow-up on findings of the previous Fiscal Year;
- TDCJ-CJAD Compliance Checklist (**as revised and attached herewith**), bound with the audit report; and
- Any letters to management as a result of the audit and the response by management.

Reporting Reminders

- All disbursements from the State to the funding recipient should be reported as Revenues.
- Balances Due to the State from previous fiscal years should be reported as reductions to Fund Balances.
- Deobligated Funds should be reported as negatives (decreases to) State Aid Revenues.
- Funds set aside for pending lawsuits and construction-related funds for which specific permission was obtained from TDCJ-CJAD to be carried over or encumbered from previous fiscal years are to be disclosed, audited, and reported in the financial statements.

Audit Tracking

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

DEFINITIONS

Balances Due to the State (Refund Due to TDCJ-CJAD) are unexpended funds payable to 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.

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

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

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

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

Interfund Transfer is movement of funds between programs. If funds are moved between programs (for example, from Basic Supervision to a Community Corrections (CC) funded program or from a CC program to a DP or TAIP program), then the "Interfund Transfer" line is used. **However, if funds are moved between two CC funded programs, or between two DP programs (i.e., two like-type funded programs), then the "State Aid" line is either reduced or increased in the affected CC or DP programs. For programs funded by DP or TAIP funds (grant programs), movement of funds (normally into the program) is on the "Interfund Transfer" line when the funds come from Basic Supervision or a CC program.**

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

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

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

Quarterly Financial Reports (and other financial reports required by TDCJ-CJAD) are interim financial report forms that are prepared on the basis of specific TDCJ-CJAD guidelines. The guidelines do not necessarily conform to Generally Accepted Accounting Principles.

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

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

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

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

Fiscal Year 2009

Standard Reporting Formats

August 18, 2009

(INDEPENDENT AUDITOR LETTERHEAD)

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

EXAMPLE OF UNQUALIFIED OPINION

(See AICPA Audit and Accounting Guide for Audits of State and Local Governmental Units for additional formats in case a qualified opinion is to be issued.)

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying combined financial statements of the (County Name) Community Supervision and Corrections Department, and the combining and individual funds of (County Name) Community Supervision and Corrections Department as of and for the year ended August 31, XXXX, as listed in the table of contents. These financial statements are the responsibility of the management of the (County Name) Community Supervision and Corrections Department. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements are prepared using the prescribed basis of accounting that demonstrates compliance with the Texas Department of Criminal Justice – Community Justice Assistance Division's (TDCJ-CJAD's) financial reporting requirements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

As discussed in Note 1, the financial statements present only the (County Name) Community Supervision and Corrections Department, and are not intended to present fairly the financial position of (County Name) County, Texas and the results of its operations in conformity with generally accepted accounting principles.

In our opinion, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the (County Name) Community Supervision and Corrections Department, as of August 31, XXXX, and the results of its operations for the year then ended, in conformity with the basis of accounting described in the Notes. Also, in our opinion, the combining and individual funds referred to above present fairly, in all material respects, the financial position of each of the individual funds of (County Name) Community Supervision and Corrections Department, as of August 31, XXXX, and the results of operations of such funds for the year then ended in conformity with the basis of accounting described in the Notes.

In accordance with Government Auditing Standards, we have also issued a report dated (date of report) on our consideration of (County Name) Community Supervision and Corrections Department's internal control structure and a report dated (date of report) on its compliance with laws and regulations.

This report is intended solely for the information and use of the management, others within the organization, (County Name) Community Supervision and Corrections Department, 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 Name

March 1, XXXX

(Signed by Independent Auditor)

(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT

COMBINED STATEMENT OF FINANCIAL POSITION

AUGUST 31, 200Y

(All TDCJ-CJAD funding sources should be included.)

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

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, 200Y

REVENUE	<i>Basic Supervision</i>	<i>Community Corrections</i>	<i>Diversion Program</i>	<i>TAIP</i>	<i>Total</i>
State Aid	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
State Aid: SAFPF	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Community Supervision Fees	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Payment by Program Participants	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Interest Income	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Other Revenue	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Total Revenue	<u>\$00,000.00</u>	<u>\$00,000.00</u>	<u>\$00,000.00</u>	<u>\$00,000.00</u>	<u>\$00,000.00</u>
EXPENDITURE					
Salaries and Fringe Benefits	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Travel and Furnished Transportation	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Contract Services	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Professional Fees	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Supplies and Operating Expenses	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Facilities	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Utilities	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Equipment	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Total Expenditure	<u>\$00,000.00</u>	<u>\$00,000.00</u>	<u>\$00,000.00</u>	<u>\$00,000.00</u>	<u>\$00,000.00</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
FUND BALANCE 9/1/XXXX	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Prior Period Adjustment	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Interfund Transfer In (Out)	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Fund Balance before Refund to TDCJ-CJAD	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Refund Due to TDCJ-CJAD	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
FUND BALANCE 8/31/200Y	<u>\$00,000.00</u>	<u>\$00,000.00</u>	<u>\$00,000.00</u>	<u>\$00,000.00</u>	<u>\$00,000.00</u>

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

(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT
 (City Name), TEXAS
 INDIVIDUAL STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL, AND PRIOR YEAR
 FOR THE YEAR ENDED AUGUST 31, 200Y

BASIC SUPERVISION (OR COMMUNITY CORRECTIONS--SPECIFIC PROGRAM, OR TAIP PROGRAM, OR DIVERSION PROGRAM-- SPECIFIC PROGRAM)

	<i>Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>	<i>Prior Year (Actual)</i>
REVENUE				
State Aid	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
State Aid: SAFPF	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Community Supervision Fees	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Payment by Program Participants	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Interest Income	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Other Revenue	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Total Revenue	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
EXPENDITURE				
Salaries and Fringe Benefits	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Travel and Furnished Transportation	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Contract Services	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Professional Fees	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Supplies and Operating Expenses	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Facilities	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Utilities	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Equipment	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Total Expenditure	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
FUND BALANCE 9/1/XXXX	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Prior Period Adjustment	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Interfund Transfer In (Out)	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Fund Balance before Refund to CJAD	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
Refund Due to CJAD	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00
FUND BALANCE 8/31/200Y	\$00,000.00	\$00,000.00	\$00,000.00	\$00,000.00

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

NOTES
(Examples)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity (*Comments should address all TDCJ-CJAD funding sources at the CSCD.*)

The accompanying financial statements include the revenue of the (County Name) Community Supervision and Corrections Department related to the receipt of funds administered by the Community Justice Assistance Division of the Texas Department of Criminal Justice from State Appropriations for Diversion Program Grants, Community Corrections Program Funds, the Basic Supervision Fund, Treatment Alternatives to Incarceration Program Funds, **local fees collected for the use of the CSCD**, and the expenditure of those funds.

Basis of Accounting

Describe.

2. FUNDING SOURCES - STATE AID

Basic Supervision

Describe.

Community Corrections Program Funds

LIST AND DESCRIBE PROGRAMS.

Diversion Program Grants

LIST AND DESCRIBE PROGRAMS.

Treatment Alternatives to Incarceration Programs (TAIP) Funding

Describe.

3. FUNDS COLLECTED BY THE CSCD FROM SOURCES OTHER THAN TDCJ-CJAD WHICH ARE REQUIRED TO BE REPORTED ON THE TDCJ-CJAD QUARTERLY FINANCIAL REPORTS (county contributions, donations, etc.)

Describe, including source, amount, restrictions for use, and if funds are expended in accordance with any applicable limitations.

4. FUNDS COLLECTED BY THE CSCD FROM SOURCES OTHER THAN TDCJ-CJAD WHICH ARE NOT REQUIRED TO BE REPORTED ON THE TDCJ-CJAD QUARTERLY FINANCIAL REPORTS (Civil Fees, CSR Funds, Victim Restitution Funds, etc.)

Describe, including source, amount, restrictions for use, and if funds are expended in accordance with any applicable limitations.

5. EXCESS OF EXPENDITURES OVER BUDGETS IN INDIVIDUAL PROGRAMS

*Describe the excess amounts **with explanations.***

6. INTERFUND TRANSFERS RECEIVABLE AND PAYABLE

Describe.

7. VENDOR CONTRACTS FOR OFFENDER SERVICES

For contracts and/or payments over \$100,000, list vendors who provide services to offenders, along with the total amounts paid. State whether or not there is a valid contract with each vendor.

8. OTHER

Other notes as deemed appropriate.

(County Name) COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT
 SCHEDULE OF DIFFERENCES BETWEEN
 AUDIT REPORT AND CSCD REPORTS

FUNDING SOURCE AND PROGRAM TITLE (if applicable)

FOR THE YEAR ENDED AUGUST 31, 200Y

	<i>Audit</i>	<i>Per CSCD Report</i>	<i>Difference*</i>
REVENUE			
State Aid	\$00,000.00	\$00,000.00	\$00,000.00
State Aid: SAFPF	\$00,000.00	\$00,000.00	\$00,000.00
Community Supervision Fees	\$00,000.00	\$00,000.00	\$00,000.00
Payment by Program Participants	\$00,000.00	\$00,000.00	\$00,000.00
Interest Income	\$00,000.00	\$00,000.00	\$00,000.00
Other Revenue	\$00,000.00	\$00,000.00	\$00,000.00
Total Revenue	\$00,000.00	\$00,000.00	\$00,000.00
EXPENDITURE			
Salaries and Fringe Benefits	\$00,000.00	\$00,000.00	\$00,000.00
Travel and Furnished Transportation	\$00,000.00	\$00,000.00	\$00,000.00
Contract Services	\$00,000.00	\$00,000.00	\$00,000.00
Professional Fees	\$00,000.00	\$00,000.00	\$00,000.00
Supplies and Operating Expenses	\$00,000.00	\$00,000.00	\$00,000.00
Facilities	\$00,000.00	\$00,000.00	\$00,000.00
Utilities	\$00,000.00	\$00,000.00	\$00,000.00
Equipment	\$00,000.00	\$00,000.00	\$00,000.00
Total Expenditure	\$00,000.00	\$00,000.00	\$00,000.00
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$00,000.00	\$00,000.00	\$00,000.00
FUND BALANCE 9/1/XXXX	\$00,000.00	\$00,000.00	\$00,000.00
Prior Period Adjustment	\$00,000.00	\$00,000.00	\$00,000.00
Interfund Transfer In (Out)	\$00,000.00	\$00,000.00	\$00,000.00
Fund Balance before Refund to CJAD	\$00,000.00	\$00,000.00	\$00,000.00
Refund Due to CJAD	\$00,000.00	\$00,000.00	\$00,000.00
FUND BALANCE 8/31/200Y	\$00,000.00	\$00,000.00	\$00,000.00

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

(INDEPENDENT AUDITOR LETTERHEAD)

(Example report - no issues noted)

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the (County name) Community Supervision and Corrections Department, as of and for the year ended August 31, 200Y, and have issued our report thereon dated (March 1, 200X). We conducted our audit in accordance with generally accepted auditing standards and the Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether (County name) Community Supervision and Corrections Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, 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 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 March 1, 200X.)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered (County name) Community Supervision and Corrections Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. (However, we noted other matters involving the internal control over financial reporting that we have reported to management of (County name) Community Supervision and Corrections Department in a separate letter dated March 1, 200X.)

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

March 1, 200X
(Signed)
Accounting Firm

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 200Y

Reportable Condition (example)

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

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

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

There are no questioned costs associated with this finding. OR

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

The department failed to follow guidelines as outlined in the FMM, and the fiscal agent failed to properly classify and report certain transactions of the department.

The department should review accounting and reporting procedures in the FMM.

Statement of Corrective Action Taken

Department personnel and the fiscal agent will review accounting and reporting procedures in the FMM. They will also include all accounts and transactions in future reports, with all transactions properly classified.

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

FY 2009 TDCJ-CJAD Compliance Checklist

Indicate whether these compliance requirements have been met by answering “Yes,” “No,” or “NA”(Not Applicable):

Yes	No	
_____	_____	Separate accountability is maintained for TDCJ-CJAD funds.
_____	_____	Revenues and Expenditures reported to TDCJ-CJAD are in agreement with, or reconcilable to, the funding recipient’s accounting records and with audited expenditures in each budget category.
_____	_____	TDCJ-CJAD funds and locally generated revenues are expended in accordance with the Financial Management Manual for TDCJ-CJAD Funding, TDCJ-CJAD Funding and Fiscal Management Updates, TDCJ-CJAD Standards, TDCJ-CJAD Field Correspondence, TDCJ-CJAD Policy Statements, Standard and Special Grant Conditions, and applicable laws.
_____	_____	Proper cutoff procedures are observed at the end of each fiscal period. The cutoff date for revenues recognition and expenditures payments of FY 2009 is October 31, 2009. The modified accrual basis of accounting is used in preparing the fourth quarter reports for submission to TDCJ-CJAD.
_____	_____	If the CSCD serves both juveniles and adults, expenditures that benefit both juveniles and adults are prorated on an equitable basis. Determination of the method of prorating such expenditures is supported by adequate documentation.
_____	_____	TDCJ-CJAD funds are not used to pay judges’ salaries (unless specifically approved by TDCJ-CJAD in a Program Budget; i.e., DWI Courts), community justice council members’ salaries, or other court-related expenses.
_____	_____	Expenditures and revenues are supported by adequate documentation.
_____	_____	If the CSCD determines that an increase or decrease in revenue or expenditures is required, budget adjustments are submitted to TDCJ-CJAD in accordance with the Financial Management Manual for TDCJ-CJAD Funding .
_____	_____	Idle funds are invested according to <u>Vernon’s Texas Codes Annotated Local Government Code</u> Section 140.003(f).
_____	_____	All employees with access to funds are covered by a surety bond.
_____	_____	Locally generated funds, and other collections , are documented with a proper receipt system.
_____	_____	All non-TDCJ-CJAD funded program fees are expended in accordance with applicable limitations.
_____	_____	All equipment is physically inventoried and adequately supported with an inventory form. Surplus equipment is disposed of in accordance with TDCJ-CJAD guidelines.
_____	_____	Victim Restitution Funds are accounted for in accordance with <u>Vernon’s Texas Codes Annotated Government Code</u> Section 76.013.
_____	_____	TDCJ-CJAD policies regarding contracts with vendors have been followed.
_____	_____	All leases have received TDCJ-CJAD approval prior to the expenditure of funds.
_____	_____	All purchases adhere to the requirements of the <u>Vernon’s Texas Codes Annotated Local Government Code</u> , Section 262.023, regarding competitive bids.
_____	_____	The CSCD has a policy regarding eligibility for employee salary merit increases.

The CSCD has an existing policy on budget approval, operates by the policy, **and the policy has been approved in an open meeting by the judges charged with oversight of the CSCD (Government Code, Section 76.002, and TDCJ-CJAD's Financial Management Manual).**

Does the CSCD allow offenders to pay a fee in lieu of performing community service restitution (CSR) work hours, and does the CSCD have an applicable written policy allowing this?