

# **JEFFERSON COUNTY, TEXAS**

## **SINGLE AUDIT REPORT**

**For Fiscal Year  
September 30, 2012**



**JEFFERSON COUNTY, TEXAS**

**SINGLE AUDIT REPORT**

**TABLE OF CONTENTS**

**SEPTEMBER 30, 2012**

	<b><u>Page Number</u></b>
Report 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 That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	3 – 4
Schedule of Expenditures of Federal Awards.....	5 – 8
Notes on Accounting Policies for Federal Awards.....	9
Schedule of Findings and Questioned Costs.....	10 – 13
Summary Schedule to Prior Audit Findings .....	14

**THIS PAGE LEFT BLANK INTENTIONALLY**



**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  
Jefferson County, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jefferson County, Texas, as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 18, 2013. 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**

Management of Jefferson County, Texas is responsible for establishing and maintaining effective 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.

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.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Commissioners' Court, others within the entity, and 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.

Pattillo, Brown & Hill, L.L.P.

March 18, 2013



PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited Jefferson County, Texas' (the "County") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

**Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Items 2012-1 and 2012-2 to be significant deficiencies.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended September 30, 2012, and have issued our report thereon dated March 18, 2013, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of Jefferson County, Texas' major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion of Jefferson County, Texas' compliance but not to provide an opinion on the effectiveness of Jefferson County, Texas' internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County, Texas' compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

March 18, 2013

**JEFFERSON COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2012**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grantor's Pass-through Number	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>			
Passed through the Texas Department of Agriculture:			
Summer Food Service Program	10.559	123-1007	\$ <u>2,160</u>
Total Passed through the Texas Department of Agriculture			<u>2,160</u>
Total U. S. Department of Agriculture			<u>2,160</u>
<b><u>U. S. Department of Housing and Urban Development</u></b>			
Passed through the Texas General Land Office:			
Community Development Block Grants/States Program - Ike	14.228	DRS-010219	9,290,274
ORCA for Bridges - Rita	14.228	DRS-0704	<u>23,081</u>
Total Passed through the Texas General Land Office			<u>9,313,355</u>
Passed through the Texas Department of Housing and Community Affairs:			
Hurricane Rita Remediation Project	14.228	B-06-DG-48-0002	<u>229,450</u>
Total Passed through the Texas Department of Housing and Community Affairs:			<u>229,450</u>
Passed through Texas Department of Rural Affairs:			
Community Development Block Grants/States Program - Hampshire Water and Sewer	14.228	TCDP-723419	<u>5,315</u>
Total Passed through Texas Department of Rural Affairs			<u>5,315</u>
Total U. S. Department of Housing and Urban Development			<u>9,548,120</u>
<b><u>U. S. Department of the Interior</u></b>			
Passed through Bureau of Ocean Energy Management, Regulation and Enforcement:			
Coastal Impact Assistance Program	15.426	M11AF00066	<u>1,600</u>
Total Passed through Bureau of Ocean Energy Management, Regulation and Enforcement			<u>1,600</u>
Passed through Fish and Wildlife Service:			
Coastal Impact Assistance	15.668	F12AF70144	28,725
Coastal Impact Assistance	15.668	F12AF01207	<u>29,075</u>
Total Passed through Fish and Wildlife Service			<u>57,800</u>
Total U. S. Department of the Interior			<u>59,400</u>

(continued)

**JEFFERSON COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**(Continued)**

**YEAR ENDED SEPTEMBER 30, 2012**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grantor's Pass-through Number	Federal Expenditures
<b><u>U. S. Department of Justice</u></b>			
Passed through the City of Beaumont:			
Edward Byrne Memorial Formula Grant Program	16.579	2010DJDBX0139	\$ 11,797
Total Passed through the City of Beaumont			<u>11,797</u>
Passed through the Office of Attorney General:			
Project Safe Neighborhoods	16.609	2008-GP-CX-0100	25,015
Project Safe Neighborhoods	16.609	2010-GP-BX-0021	54,988
Project Safe Neighborhoods	16.609	2011-GP-BX-0100	<u>38,131</u>
Total Passed through the Office of Attorney General			<u>118,134</u>
Passed through the Office of the Governor,			
Criminal Justice Division:			
Violence Against Women Formula Grants	16.588	13466-14	72,005
Violence Against Women Formula Grants	16.588	13466-15	8,289
Crime Victim Assistance - Crime Victim's Clearinghouse	16.575	21032-03	45,270
Crime Victim Assistance - Crime Victim's Clearinghouse	16.575	21032-04	4,162
Juvenile Accountability Block Grants	16.523	17327-07	24,099
Juvenile Accountability Block Grants	16.523	17327-08	1,746
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	24177-02	<u>45,713</u>
Total Passed through the Office of the Governor, Criminal Justice Division			<u>201,284</u>
Direct Programs:			
State Criminal Alien Assistance Program (SCAAP)	16.606	2010APBX0304	<u>7,531</u>
Total Direct Programs			<u>7,531</u>
Total U. S. Department of Justice			<u>338,746</u>
<b><u>U. S. Department of Transportation</u></b>			
Passed through Federal Aviation Administration:			
Airport Improvement Program - Runway 16/34 and Taxiway D Rehabilitation - Planning	20.106	3-48-0018-027-2010	128,138
Airport Improvement Program - Rehabilitation of the North General Aviation Apron and Assessments and Studies for West Ditch	20.106	3-48-0018-028-2011	1,843,334
Airport Improvement Program - Construction of Airport Access Road, Conceptual design of Airfield Improvements, for Runway 16/34 and 12/30	20.106	3-48-0018-029-2012	<u>45,929</u>
Total Passed through Federal Aviation Administration			<u>2,017,401</u>

**(continued)**

**JEFFERSON COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

(Continued)

**YEAR ENDED SEPTEMBER 30, 2012**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grantor's Pass-through Number	Federal Expenditures
<b><u>U. S. Department of Transportation</u></b> (Continued)			
Passed through National Highway Safety Administration			
Click it or Ticket	20.601	2012-JeffersonCoSO-S-CIOT-00023	\$ 5,508
STEP Impaired Driver Mobilization	20.601	2012-JeffersonCoSO-S-IDM-00085	<u>12,964</u>
Total Passed through National Highway Safety Administration			<u>18,472</u>
Total U. S. Department of Transportation			<u>2,035,873</u>
<b><u>U. S. Election Commission</u></b>			
Passed through Texas Secretary of State:			
Help America Vote Act Requirements Payments -			
General HAVA Compliance/Voting System Replacement	90.401	N/A	<u>157,236</u>
Total Passed through the Texas Secretary of State			<u>157,236</u>
Total U. S. Election Commission			<u>157,236</u>
<b><u>U. S. Department of Health and Human Services</u></b>			
Passed through Texas Department of Family & Protective Services:			
Foster Care - Title IV-E Child Welfare Services	93.658	23939002	52,992
Foster Care - Title IV-E Legal Services	93.658	23939003	<u>54,758</u>
Total Passed through Texas Department of Family & Protective Services			<u>107,750</u>
Passed through Texas Juvenile Probation Commission:			
Foster Care - Title IV-E - Reimbursement Program	93.658	TJPC-E-2011-123	<u>11,599</u>
Total Passed through Texas Juvenile Probation Commission			<u>11,599</u>
Passed through Texas Department of State Health Services:			
Cooperative Agreements for State-Based Diabetes			
Control Programs and Evaluation of Surveillance Systems	93.988	DIAB/CDSP 2011-037872-001	24,678
Cooperative Agreements for State-Based Diabetes			
Control Programs and Evaluation of Surveillance Systems	93.988	DIAB/CDSP 2012-040780-001	<u>21,177</u>
Total Passed through Texas Department of State Health Services			<u>45,855</u>
Total U. S. Department of Health and Human Services			<u>165,204</u>

(continued)

**JEFFERSON COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

(Continued)

**YEAR ENDED SEPTEMBER 30, 2012**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor's Pass-through Number</u>	<u>Federal Expenditures</u>
<b><u>U. S. Department of Homeland Security</u></b>			
Passed through the Texas Division of Emergency Management:			
2011 Homeland Security Grant:			
Law Enforcement Terrorism Prevention - CCP	97.067	EMW-2011-SS-00019	\$ 3,989
2010 Homeland Security Grant:			
State Homeland Security Program	97.073	2010-SS-T0-0008	5,491
State Homeland Security Program - LETPA	97.053	2010-SS-T0-0008	46,196
Law Enforcement Terrorism Prevention - CCP	97.073	2010-SS-T0-0008	454
FEMA Emergency Hurricane Ike	97.036	FEMA-1791-DR-Hurricane Ike	670
Emergency Management Performance Grant	97.042	11TX-EMPG-0389	38,804
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0209HSLR352	<u>23,795</u>
Total Passed through the Texas Division of Emergency Management			<u>119,399</u>
Direct Programs:			
ARRA Port Security Grant Program	97.116	2009PUR10410	1,342,733
2007 Port Security Grant	97.056	2007-GB-T7-K035	2,158,892
2008 Port Security Grant	97.056	2008-GB-T8-K007	1,905,515
2009Port Security Grant	97.056	2009-PU-T9-K002	1,438,881
2010 Port Security Grant	97.056	2010-PU-T0-K040	879,352
2011 Port Security Grant	97.056	EMW2011PUK00134	<u>720,299</u>
Total Direct Programs			<u>8,445,672</u>
Total U. S. Department of Homeland Security			<u>8,565,071</u>
Total Federal Awards			<u>\$ 20,871,810</u>

## JEFFERSON COUNTY, TEXAS

### NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

SEPTEMBER 30, 2012

1. The County utilizes the fund types specified in the Resource Guide.

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Capital Projects Funds are used to account for all resources used for the acquisition or construction of capital facilities. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. GASB Statement No. 54 allows grants used for the construction or acquisition of capital assets to be accounted for in the Capital Projects Funds. Generally, used balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types and private purpose trust fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the Special Revenue Fund, a component of the governmental fund type, with the exception of the Office of Rural Affairs grants, which are recorded in Capital Projects Funds, due to the implementation of GASB Statement 54. Capital Projects Funds also are a component of the government fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the governmental funds, the private purpose trust funds, and agency funds. This basis of accounting recognizes revenue in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period, extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H. Period of Availability of Federal Funds, Part 3, OMG Circular A-133 Compliance Supplement updated as of June 2011.

**JEFFERSON COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**Summary of Auditors' Results**

Financial Statements:

Type of auditors' report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? None

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? None

Significant deficiency(ies) identified? 2012-1, 2012-2

Type of auditors' report issued on compliance  
for major programs Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with Section  
510(a) of OMB Circular A-133? None

Identification of major programs:

CFDA Number(s)

#97.116

#97.056

Name of Federal Program or Cluster:

ARRA Port Security Grant Program

Port Security Grant Program

Dollar threshold used to distinguish between type A  
and type B programs \$626,154

Auditee qualified as low-risk auditee? Yes

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

None

(continued)

**JEFFERSON COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**Findings and Questioned Costs for Federal Awards**

**Item 2012 – 1:**

**Port Security Program – Sub-recipient Monitoring**

**Condition:**

The County did not properly perform sub-recipient monitoring of the Sub-recipient's administration of Davis-Bacon Act for the Port Security Program.

**Criteria:**

The County receives grant funds for the Federal Port Security Grant. The County in turn sends that money to sub-recipient's to administer the program. The grant agreement states that the County is required to monitor the sub-recipient's administration of Davis-Bacon Act for the Port Security Grant Program.

**Effect:**

The County is not certain that the Port Security Program plan was administered properly by the sub-recipients.

**Cause:**

The County did not properly monitor the Port Security Grant Program for sub-recipient compliance with the Davis-Bacon Act.

**Recommendation:**

We recommend the County perform the required steps to insure that the sub-recipients are administering the Port Security Grant program in accordance with the grant agreement. This will help reduce the risk that the funds were not spent properly and that all required reports are submitted in a timely manner.

**Management's Response:**

The County is utilizing the Single Audit Report of the various sub-recipients to monitor compliance with the Davis-Bacon Act. The County will perform additional procedures to ensure that sub-recipients are monitoring and compliant with the Davis Bacon Act. The County will implement this procedure immediately through the County Auditor's office and it will begin on all outstanding Port Security Grant Construction projects.

(continued)

**JEFFERSON COUNTY, TEXAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**Item 2012 – 2:**

**Port Security Program – FFATA**

**Condition:**

The County did not comply with the FFATA reporting requirements for the Port Security Program. The county did not report such awards subject to FFATA and lacks controls to determine when the FFATA report requirements are applicable.

**Criteria:**

The Federal Funding Accountability and Transparency Act (FFATA) requires the Office of Management and Budget (OMB) to maintain a single, searchable website that contains information on all Federal spending awards. FFATA prescribes specific pieces of information to be reported. For grants and cooperative agreements, the effective date is October 1, 2010 for all discretionary and mandatory awards equal to or exceeding \$25,000 made with a new Federal Assistance Identification Number (FAIN) on or after that date.

Once the requirement applies, the recipient must report, for any subaward under the award with a value of \$25,000 or more, each obligating action of \$25,000 or more in Federal Funds. Recipients are not required to report on subawards made on or after October 1, 2010 that use funds awarded prior to that date.

For contracts, implementation was phased in based on their total dollar value. Based on the FAR interim final rule, FFATA reporting is required for:

- Starting March 1, 2011, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$25,000 or more.

Grant and cooperative agreement recipients and contractors are required to register in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) and report subaward data through FSRS. To do so, they are first required to register in Central Contractor Registration (CCR) and actively maintain the registration.

Grant and cooperative agreement recipients and contractors must report information related to a subaward by the end of the month following the month in which the subaward or obligation of \$25,000 or greater was made, and for contracts, the month in which the modification was issued that changed previously reported information.

**(continued)**

**JEFFERSON COUNTY, TEXAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**Item 2012 – 2:**

**Port Security Program – FFATA (Continued)**

**Effect:**

The County was not aware of the reporting requirements for FFATA, as applicable to the Port Security Program, resulting in noncompliance with those reporting requirements.

**Cause:**

The County was not aware that for audits of fiscal years ending on or after June 30, 2011 reporting requirements of the FFATA are applicable to the Port Security program. The county did not note the program requirement and did not take action to be in compliance with the reporting requirements.

**Recommendation:**

We recommend the County institute a system of policies, procedures, and internal controls over the FFATA reporting requirements of the Port Security Program.

**Management's Response:**

The County has completed the required FFATA Report on March 4, 2013, after becoming aware that FFATA reporting applied to the 2011 Port Security Grant Program. The County Auditor's office will monitor compliance with FFATA reporting for all grants where the County has sub-recipients. This control procedure will begin immediately.

**JEFFERSON COUNTY, TEXAS**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

None