
JUVENILE BOARD OF TARRANT COUNTY, TEXAS
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS

Statement of Revenues, Expenditures and Changes in
Fund Balance by Contract – Budget and Actual (Regulatory Basis)

August 31, 2015

(With Independent Auditors' Report Thereon)

**TARRANT COUNTY JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015**

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INDEPENDENT AUDITORS' REPORT

Members of the Tarrant County Juvenile Board
Texas Juvenile Justice Department of Tarrant County
Tarrant County, Texas

Report on the Financial Statement

We have audited the aggregate statement of revenues, expenditures and changes in fund balance—budget and actual, (the “financial statement”) of the Tarrant County Texas Juvenile Justice Department Grant Funds (the “Funds”) for the year ended August 31, 2015 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Texas Juvenile Justice Department. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the aggregate financial statement referred to above present fairly, in all material respects, the revenues and expenditures compared to budgeted revenues and expenditures of the Tarrant County Texas Juvenile Justice Grant Funds for the year ended August 31, 2015, in accordance with the financial reporting provisions of the Texas Juvenile Justice Department as described in Note 1.

Emphasis of Matter—Basis of Accounting

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

Emphasis of Matter—Presentation

As discussed in Note 1, the financial statement presents the revenues, expenditures, and changes in fund balance budget and actual of the Tarrant County Texas Juvenile Justice Department Grant Funds only and is not intended to present fairly the results of operations of Tarrant County in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the aggregate financial statement as a whole. The supplementary information, representing the individual grant information, is presented for purposes of additional analysis and is not a required part of the financial statement. The individual grant 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 statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying individual grant information is fairly stated, in all material respects, in relation to the financial statement as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2016 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Department's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of management, the Tarrant County Juvenile Board, Tarrant County Commissioners Court, others within the Tarrant County Juvenile Probation Department, and the Texas Juvenile Justice Department and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

February 24, 2016

INDEPENDENT AUDITORS' 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

Members of the Tarrant County Juvenile Board
Texas Juvenile Justice Department of Tarrant County
Tarrant County, Texas

We have audited, in accordance with the 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, the aggregate statement of revenues, expenditures, and changes in fund balance—budget and actual—regulatory basis (the “financial statement”) of the Tarrant County Texas Juvenile Justice Department Grant Funds (the “Funds”) for the year ended August 31, 2015 and the related notes to the financial statement, and have issued our report thereon dated February 24, 2016, which included two emphasis paragraphs related to the basis of accounting used and intent to present only the operations of the Tarrant County Texas Juvenile Justice Department (the “Department”) grant funds and not the operations of Tarrant County.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fund’s aggregate financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's aggregate financial statement is free from 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 the aggregate 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*.

Purpose of this Report

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

Deloitte & Touche LLP

February 24, 2016

**TARRANT COUNTY
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BY CONTRACT
BUDGET AND ACTUAL (REGULATORY BASIS)**

**STATE AID (P11)
GRANT-A-2015-220**

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
TJJD Funds	\$ 5,382,097	\$ 5,370,736	\$ (11,361)
Total Revenues	<u>5,382,097</u>	<u>5,370,736</u>	<u>(11,361)</u>
EXPENDITURES:			
Salaries and Fringe Benefits	2,955,396	2,955,396	-
Travel	164,822	164,822	-
Operating Expenditures	-	-	-
Inter-County Contracts	146,130	146,130	-
External Contracts	2,115,749	2,104,388	11,361
Total Expenditures	<u>5,382,097</u>	<u>5,370,736</u>	<u>11,361</u>
EXCESS REVENUES OVER EXPENDITURES			
	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Information: Refunds Paid to TJJD

10/13/2015	11,361
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The accompanying notes are an integral part of these financial statements.

**TARRANT COUNTY
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BY CONTRACT
BUDGET AND ACTUAL (REGULATORY BASIS)**

**SPECIAL NEEDS DIVERSIONARY PROGRAM (P16)
GRANT-M-2015-220**

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
TJJJ Funds	\$ 216,800	\$ 216,800	\$ -
Total Revenues	<u>216,800</u>	<u>216,800</u>	-
EXPENDITURES:			
Salaries and Fringe Benefits	203,648	203,648	-
Travel	13,152	13,152	-
Operating Expenditures	-	-	-
Inter-County Contracts	-	-	-
External Contracts	-	-	-
Total Expenditures	<u>216,800</u>	<u>216,800</u>	-
EXCESS REVENUES OVER EXPENDITURES	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**TARRANT COUNTY
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BY CONTRACT
BUDGET AND ACTUAL (REGULATORY BASIS)**

**COMMITMENT REDUCTION PROGRAM (P21)
GRANT-C-2015-220**

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
TJJJ Funds	\$ 1,009,230	\$ 1,009,230	\$ -
Total Revenues	<u>1,009,230</u>	<u>1,009,230</u>	-
EXPENDITURES:			
Salaries and Fringe Benefits	-	-	-
Travel	-	-	-
Operating Expenditures	-	-	-
Inter-County Contracts	-	-	-
External Contracts	1,009,230	1,009,230	-
Total Expenditures	<u>1,009,230</u>	<u>1,009,230</u>	-
EXCESS REVENUES OVER EXPENDITURES	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**TARRANT COUNTY
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BY CONTRACT
BUDGET AND ACTUAL (REGULATORY BASIS)**

**MENTAL HEALTH SERVICES (P28)
GRANT-N-2015-220**

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
TJJJ Funds	\$ 486,907	\$ 486,907	\$ -
Total Revenues	<u>486,907</u>	<u>486,907</u>	-
EXPENDITURES:			
Salaries and Fringe Benefits	95,508	95,508	-
Travel	-	-	-
Operating Expenditures	-	-	-
Inter-County Contracts	-	-	-
External Contracts	<u>391,399</u>	<u>391,399</u>	-
Total Expenditures	<u>486,907</u>	<u>486,907</u>	-
EXCESS REVENUES OVER EXPENDITURES	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**TARRANT COUNTY
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BY CONTRACT
BUDGET AND ACTUAL (REGULATORY BASIS)**

**SCHOOL ATTENDANCE IMPROVEMENT PROJECTS (P29)
GRANT-T-2015-220**

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
TJJD Funds	\$ 221,763	\$ 221,740	\$ (23)
Total Revenues	<u>221,763</u>	<u>221,740</u>	<u>(23)</u>
EXPENDITURES:			
Salaries and Fringe Benefits	-	-	-
Travel	-	-	-
Operating Expenditures	-	-	-
Inter-County Contracts	-	-	-
External Contracts	221,763	221,740	23
Total Expenditures	<u>221,763</u>	<u>221,740</u>	<u>23</u>
EXCESS REVENUES OVER EXPENDITURES	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Information: Refunds Paid to TJJD

10/13/2015

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

**TARRANT COUNTY JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) ENTITY

The Texas Juvenile Justice Department Grant Funds of Tarrant County (the Funds) were established to account for juvenile probation services funded by the Texas Juvenile Justice Department (TJJJ) in Tarrant County.

The Funds provide separate accountability as required under the State Financial Assistance Contract, by TJJJ. The funds are used to account for each separate program, matching funds and all related expenditures incurred. The aggregate financial statements present the revenues, expenditures, and changes in fund balance of the Tarrant County Texas Juvenile Justice Department Grant funds only and are not intended to present fairly the results of operations of Tarrant County in conformity with accounting principles generally accepted in the United States.

(B) BASIS OF ACCOUNTING

The financial statements were prepared in conformity with the accounting practices prescribed by TJJJ, which prescribes policies and procedures for county probation departments, which is a comprehensive basis of accounting other than generally accepted accounting principles. These accounting practices include the following:

- The financial statements are reported using the accrual basis of accounting. Revenues are recorded when all eligibility requirements have been met and expenditures are recorded when incurred. Since the revenues are reported on the accrual basis of accounting, refunds paid to TJJJ either during the year or subsequent to year end are not presented in the financial statements, but are provided as additional information below the financial statements in accordance with TJJJ requirements.
- The accompanying financial statements do not represent financial statements prepared in accordance with provisions for governmental funds as prescribed by the Governmental Accounting Standards Board.
- The accompanying financial statements are prepared in the format to facilitate uniform financial reporting by county probation departments.

NOTE 2: RECONCILIATION OF INTEREST EARNED

Idle funds were maintained in an interest bearing account. The reconciliation of interest earned on funds received from TJJJ is as follows:

	Interest Earned TJJJ Funds Fiscal Year 2015	Interest Earned IV-E Funds Fiscal Year 2015	Total Interest
Beginning balance, September 1, 2014	\$2,336	\$ -	\$2,336
Interest earned on funds received from the period of 9/01/14 - 8/31/15	\$1,382	\$5,976	\$7,358
Total Interest at August 31, 2015	\$3,718	\$5,976	\$9,694
Minus interest expenditures in FY 2015	\$ -	\$5,976	\$5,976
Ending Balance, August 31, 2015	\$3,718	\$ -	\$3,718

**TARRANT COUNTY JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015**

NOTE 3: OPERATING COST FOR A SECURE JUVENILE FACILITY OPERATED BY TARRANT COUNTY

The Juvenile Board of Tarrant County does not operate a secure juvenile facility.

NOTE 4: FEDERAL FINANCIAL ASSISTANCE

The Texas Juvenile Justice Department administers, along with the Texas Department of Family and Protective Services, the Title IV-E Program (CFDA 93.658). TJJD disburses funds to Tarrant County on a cost reimbursement basis. A confirmation of revenue received in the year ending August 31, 2015 is required and presented below. This includes receipts for direct and enhanced administrative foster care claims.

Title IV-E Foster Care Contract Number	Amount Received (Cash Basis) August 31, 2015
TJJD-E-2015-220	<u>\$299,029</u>
Total	<u>\$299,029</u>

NOTE 5: FINANCIAL MATCH REQUIREMENTS

To receive Texas Juvenile Justice Department state funds, the juvenile probation departments are required to certify that the amount of local or county funds expended for juvenile services is at least equal to or greater than the amount spent in the 2006 county fiscal year excluding construction and capital outlay expenses. A confirmation of local funds for the year ending August 31, 2015 is required and presented below:

	Local Funding Expended (less construction and capital outlay)
FY2015	\$19,303,692
FY2006	\$13,137,214

The juvenile probation department certified the financial match requirements were fulfilled in FY 2015.

NOTE 6: STATE FINANCIAL ASSISTANCE

- a. The Texas Juvenile Justice Department provided the County the following funds for the JJAEP Juvenile Reimbursement Grant funds. A confirmation of revenue received in the year ending August 31, 2015 is required and presented below.

Contract Number	Amount Received (Cash Basis) August 31, 2015
TJJD-P-2015-220	<u>\$374,874</u>

TEXAS JUVENILE JUSTICE DEPARTMENT OF TARRANT COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2015**

There were no findings and questioned costs in the current year.

TEXAS JUVENILE JUSTICE DEPARTMENT OF TARRANT COUNTY

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED AUGUST 31, 2015

2014-001 User Access Management and Security

Affected grant: NA

Significant Deficiency in controls

Criteria – Privileged, especially highest level, system access should be restricted only to those who require such access based on assigned job responsibilities.

Condition – During our testing of design and implementation of the configuration and management of system user access controls, we noted that the powerful SAP default profile “SAP_ALL” was granted to SAP team members / contractors.

Cause – The County had granted the powerful default SAP profile (SAP_ALL) to the SAP team members in order provide back-up access for the performance of job functions as needed in the system.

Perspective - We noted 8 individuals having such access to the SAP_ALL profile at the time of our testing. Profiles had existed for more than one year.

Asserted Effect – Assignment of access privileges protects the County’s systems from inappropriate access and failure to enforce may lead to unauthorized access and transactions being executed, compromising the intended security of the system, segregation of duties, and potentially causing lack of integrity and reliability of information produced by the systems.

Recommendation – SAP security or BASIS administrators should be granted access commensurate with their job responsibilities through specific roles or profiles designed to align with their job responsibilities. Temporary access should be removed after tasks requiring such access is complete.

Management should consistently enforce policies and procedures related to assignment of roles and responsibilities commensurate with each user’s job responsibilities. Applicable controls should be reviewed to note that roles / profiles being granted are based on users’ responsibilities.

Questioned Cost – Not applicable.

Corrective Action Plan/Management Response – In order to address these findings, Tarrant County will implement the following changes to SAP user roles and permissions:

- Tarrant County confirmed that only five individuals are currently assigned to the SAP_ALL profile. There are three additional users with this profile that are currently deactivated.
- Tarrant County will create two new roles (Z_TC_BASIS and Z_TC_Role Admin) which are specific to the job responsibilities of the Basis team. These roles will replace the use of the SAP_ALL profile.

- Tarrant County will create a procedure that supports the temporary assignment of the SAP_ALL profile in emergency circumstances. Requests for the use of this profile will need to include a detailed explanation and specified time period for access. In addition, the approval from the following individuals will be required:
 - Information Security Officer
 - Application Development and Support Director or ERP CoE Manager.
- Tarrant County will continue to annually review profiles as part of the SAP Licenses Audit but will include additional steps to validate the utilization of the most critical.

Person Responsible for Finding Resolution – Keith Hughes, Senior IT Resource Manager – ERP CoE

Target Completion Date – The implementation of these changes is estimated at 120 days.

2015 Update – The access for all 8 individuals with privileged access was terminated during the current year as indicated in the corrective action plan.