



MARTINEZ, ROSARIO & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MAVERICK COUNTY, TEXAS

MANAGEMENT LETTER

September 30, 2011



May 23, 2013

Honorable County Judge and
Members of Commissioners Court
Maverick County, Texas

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Maverick County, Texas (the "County") as of and for the year ended September 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. (We previously reported on the County's internal control in our report dated May 23, 2013. A separate report dated May 23, 2013, contains our report on significant deficiencies and material weaknesses in the County's internal control.) This letter does not affect our report dated May 23, 2013, on the financial statements of the County.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Honorable County Judge and Members of County Commissioners' Court, management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Martinez, Rosario & Company, LLP

Martinez, Rosario & Company, LLP
Certified Public Accountants
San Antonio, Texas

CURRENT YEAR COMMENTS

Investment Policy

During our audit, we noted that the County does not perform an audit of management controls on investments and compliance with the County's investment policies as required by the Public Funds Investment Act.

Recommendation:

The County should perform or adopt a timetable to perform an audit of management controls on investments and compliance with the County's investment policies in order to be in compliance with the Public Funds Investment Act.

Single Audit – Cash Management

During our audit, we noted that 7 out of 8 Stone Garden Cash drawdowns tested did not have evidence of supervisory approval.

Recommendation:

We recommend that the County enhances its final review and approval procedures by implementing a process whereby these reviews and approvals are documented as they occur in a periodic and timely basis. We believe that these procedures would strengthen controls over this vital approval phase.

Single Audit – Procurement

During our audit, we noted that a Border Star procurement did not record the proposal delivery date and time. Also, the procurement and contractual documentation had no definition for a continuation option.

Recommendation:

We recommend the County maintains a centralized location for all procurement documents and should consider creating a checklist of items that should be maintained in these files to ensure that they are obtained and readily available if needed. We also recommend that the County strengthen its procedures to provide for the effective operation of the purchasing system by ensuring procurement files are complete and are complying with all applicable laws and policies. The procurement files should include proposals' delivery time and date and definition for a continuation option to ensure all procurement elements are met.

Single Audit – Reporting

During our audit, we noted that 1 out of 2 Border Star financial reports selected for testing was not filed timely. Also, in our audit of the Stone Garden grant, we noted that the County was a sub-grantee and was not responsible to submit financial reports. However, the County was required to submit quarterly progress report. We determined through verification with the pass through entity that the County had complied. However, the County had no in-house records to demonstrate compliance.

Recommendation:

We recommend that the County should provide additional training to its staff regarding federal grant reporting requirements and maintain in-house records to demonstrate compliance.

Single Audit – Allowable/Unallowable Activity & Cost

During our audit, we noted that 3 out of 10 Linebacker expenditures selected for testing totaling \$9,425 did not have evidence for supervisory approval. We also noted that 1 out of 7 Stone Garden expenditures selected for totaling \$3,490 did not have invoice and 1 out of 4 Local Border Security expenditures selected for totaling \$9,836 did not have evidence for supervisory approval.

Recommendation:

We recommend that the County implements the necessary policies and procedures to ensure that all expenditures have adequate supporting documentation, including properly approved purchase orders and invoices.

PRIOR YEAR COMMENTS

Cash – Stale Checks

During our testing of bank reconciliations, we noted that there were a total of \$2,381 outstanding checks that were over ninety days old with a cumulative amount of \$66,668 as of September 30, 2010. Of these, 1,134 checks totaling \$39,863 were outstanding for more than one year, with the oldest check dated April 13, 1995.

Status:

This finding was repeated in the current year.

Investment Policy

During our audit we noted that the County does not perform an audit of management controls on investments and compliance with the County’s investment policies as required by the Public Funds Investment Act.

Status:

This finding was repeated in the current year.

Solid Waste Closure and Post-Closure Care Costs

During our audit, we noted that the County has no process to track or record the liability for closure and post-closure care costs associated with the solid waste landfill.

Status:

This finding was cleared in the current year.