



## Management Letter

March 17, 2014

To the Honorable County Judge and  
Members of the Commissioners' Court of  
Polk County, Texas:

The American Institute of Certified Public Accountants Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 115), provides guidance to auditors on communicating internal control matters to management and the governing body, board of directors, or equivalent body.

It is important to note when reviewing findings reported within this letter that classification of the findings is based on the definitions required by SAS 115 as further discussed below. Please note that these classifications are based on the potential impact to the financial statements, not necessarily the likelihood of actual loss to Polk County, Texas (the "County"). Accordingly, the County's assessment of the "significance" or ranking of severity will likely be substantially different based on a number of factors including, but not limited to, its assessment of risk and the cost benefit of making the change.

Our report is as follows:

In planning and performing our audit of the financial statements of the the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2013, 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 an opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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.

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.

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Our findings and additional comments are as follows:

***CURRENT YEAR MATTERS:***

***Significant Deficiency:***

**2013-01. SIGNIFICANT OUTSTANDING CHECK**

**Criteria**

The District Clerk's office is responsible for accounting and making timely deposits of money received from different sources.

**Condition**

The County distributed check number 240546 for \$25,749.82 to the District Clerk's office on April 9, 2013 and check number 242582 for \$27,421.86 to the District Clerk's office on August 9, 2013. The checks cleared the bank as of January 2014.

**Effect**

The County has two significant outstanding checks on their bank reconciliation at year-end.

**Cause**

The District Clerk's office is holding checks and not depositing them in a timely manner.

**Recommendation**

The District Clerk's office should make timely deposits of any checks received.

**Corrective Action Plan**

The District Clerk's office agrees with this recommendation and is in the process of instituting procedures that will establish this process. The office plans to have the new process implemented by the end of the 2014 fiscal year.

This communication is intended solely for the information and use of management, County Judge, and others within the County, and is not intended to be and should not be used by anyone other than these specified parties.

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September 30, 2013  
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We would like to thank the members of Commissioners' Court, County Judge, and the County's management for their cooperation during the course of our audit. Please feel free to contact us at your convenience to discuss this report or any other concerns that you may have.

*BELT HARRIS PECHACEK, LLLP*

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