

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL**

**FINANCIAL STATEMENTS WITH COMPLIANCE
AND SINGLE AUDIT REPORTING**

AUGUST 31, 2008 and 2007

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
FINANCIAL STATEMENTS WITH COMPLIANCE
AND SINGLE AUDIT REPORTING
August 31, 2008**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southeast Texas Trauma Regional Advisory Council
Houston, Texas

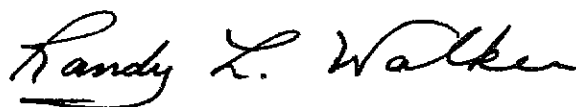
We have audited the accompanying statements of financial position of the Southeast Texas Trauma Regional Advisory Council (a non-profit corporation) as of August 31, 2008 and 2007, and the related statements of activity (with comparative totals for 2007), functional expenses (with comparative totals for 2007), and cash flows for the years then ended. These financial statements are the responsibility of Southeast Texas Trauma Regional Advisory Council management. Our responsibility is to express an opinion on these financial statements 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 of America. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeast Texas Trauma Regional Advisory Council as of August 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report on our consideration of Southeast Texas Trauma Regional Advisory Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office on Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



San Antonio, Texas
June 27, 2009

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
STATEMENTS OF FINANCIAL POSITION
August 31, 2008 and 2007**

	2008	2007	(Restated)
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,362,053	\$ 721,341	
Accounts Receivable	-	15,212	
Prepaid Expenses	29,910	-	
Property and Equipment (net)	968,766	1,025,166	
TOTAL ASSETS	\$ 2,360,729	\$ 1,761,719	

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 622,427	\$ 221,581	
Other Payables	153,583	45,332	
Accrued Expenses	30,271	6,431	
TOTAL LIABILITIES	806,281	273,344	

NET ASSETS

Unrestricted	1,117,458	1,181,751	
Temporarily Restricted	436,990	306,624	
TOTAL NET ASSETS	1,554,448	1,488,375	

TOTAL LIABILITIES AND NET ASSETS	\$ 2,360,729	\$ 1,761,719	
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See accompanying notes and accountant's report.

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
STATEMENT OF ACTIVITY
Year Ended August 31, 2008
(with comparative totals for 2007)**

	2008			2007 Total
	Unrestricted	Temporarily Restricted	Total	
<u>SUPPORT AND REVENUE</u>				
Grants	\$ -	\$ 5,520,430	\$ 5,520,430	\$ 6,053,721
Other Program Revenues	132,278	-	132,278	154,504
Interest Income	9,749	-	9,749	8,740
Net assets released from restrictions	5,390,064	(5,390,064)	-	-
TOTAL SUPPORT AND REVENUE	<u>5,532,091</u>	<u>130,366</u>	<u>5,662,457</u>	<u>6,216,965</u>
<u>EXPENSES</u>				
Program Expenses	5,337,674	-	5,337,674	6,334,380
General and Administrative	258,710	-	258,710	185,425
TOTAL EXPENSES	<u>5,596,384</u>	<u>-</u>	<u>5,596,384</u>	<u>6,519,805</u>
Increase (Decrease) in Net Assets	(64,293)	130,366	66,073	(302,840)
Net Assets, Beginning of Year (Restated)	1,181,751	306,624	1,488,375	1,791,215
NET ASSETS, End of Year	<u>\$ 1,117,458</u>	<u>\$ 436,990</u>	<u>\$ 1,554,448</u>	<u>\$ 1,488,375</u>

See accompanying notes and accountant's report.

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended August 31, 2008
(with comparative totals for 2007)**

	2008			2007 Total
	Program Expense	General & Administrative	Total	
Equipment to Facilities	\$ 2,472,813	\$ -	\$ 2,472,813	\$ 4,039,998
Reimbursements to Facilities	2,120,170	-	2,120,170	89,374
Payroll Expense	233,627	77,876	311,503	227,133
Depreciation Expense	178,796	59,599	238,395	104,161
Unspent Grant Funds	98,752	-	98,752	-
Education	95,465	-	95,465	771,527
Meetings/Conference	36,716	12,241	48,957	49,834
Travel	27,801	9,269	37,070	30,709
Legal and Professional	-	35,368	35,368	40,958
Telephone	-	23,670	23,670	33,006
Regional Communications Vehicle Expense	21,661	-	21,661	-
Systems & Planning	18,000	-	18,000	906,035
Dues	-	17,507	17,507	18,952
Miscellaneous	12,226	536	12,762	29,528
Communications	12,569	-	12,569	122,296
Grant Interest Refund	-	9,499	9,499	2,373
Insurance	-	8,570	8,570	12,193
Computer Supplies	4,422	-	4,422	1,677
Office Expense	2,788	929	3,717	1,597
Postage	-	2,367	2,367	2,231
Contractual	1,168	-	1,168	-
Website	-	853	853	-
Stroke Event	700	-	700	7,869
Printing	-	278	278	801
Bank Charges	-	148	148	175
Backboards	-	-	-	27,378
Total Expenses	\$ 5,337,674	\$ 258,710	\$ 5,596,384	\$ 6,519,805

See accompanying notes and accountant's report.

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
STATEMENTS OF CASH FLOWS
For the years ended August 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<u>CASH FLOWS FROM OPERATIONS</u>		
Increase (Decrease) in Net Assets From Operations	\$ 66,073	\$ (302,840)
Adjustments to Reconcile Net Excess to Net Cash		
Provided by Operations:		
Depreciation	238,395	104,161
Decrease (Increase) in Assets:		
Accounts Receivable	15,212	161,464
Prepaid Expenses	(29,910)	-
Increase in Liabilities:		
Accounts Payable	400,846	97,416
Other Payables	108,251	45,332
Accrued Expenses	23,840	390
Net Cash Provided By Operations	<u>822,707</u>	<u>105,923</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Purchases of Property and Equipment	(181,995)	(753,495)
Net Cash Used By Investing Activities	<u>(181,995)</u>	<u>(753,495)</u>
Net Increase (Decrease) in Cash	640,712	(647,572)
Cash, Beginning of Year	<u>721,341</u>	<u>1,368,913</u>
Cash, End of Year	<u>\$ 1,362,053</u>	<u>\$ 721,341</u>

See accompanying notes and accountant's report.

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
NOTES TO FINANCIAL STATEMENTS
August 31, 2008 and 2007**

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The following statements of Southeast Texas Trauma Regional Advisory Council have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Nature of Activities

Southeast Texas Trauma Regional Advisory Council (SETTRAC) is a non-profit corporation chartered in November 1995. The SETTRAC is designed to facilitate the development, implementation, and operation of a comprehensive trauma care system based on accepted standards of care to decrease morbidity and mortality. It represents 9 counties in Southeast Texas.

SETTRAC, along with 21 other regions in Texas, is funded through DSHS/EMS Trauma System funds generated by fees for 911 services. SETTRAC also receives funding from the EMS/Trauma Systems Development Account, which is funded by an endowment from part of the settlement Texas received from its 1996 lawsuit against tobacco companies.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, SETTRAC considers all certificates of deposit and money market funds purchases with an original maturity of three months or less to be cash equivalents.

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
NOTES TO FINANCIAL STATEMENTS
August 31, 2008 and 2007**

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Purchased property and equipment are stated at cost. Donated assets are recorded at estimated market value at the date of donation. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of 5 to 10 years.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Net Assets

Net assets of SETTRAC consist of the following:

- Unrestricted – These net assets are available for general obligations of SETTRAC.
- Temporarily restricted – These net assets are restricted by donors to be used for some specific purpose.

Income Taxes

SETTRAC is exempt from federal income taxes under Code Section 501(c)(3) of the Internal Revenue Code.

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
NOTES TO FINANCIAL STATEMENTS
August 31, 2008 and 2007**

NOTE 2 – CONCENTRATION OF CREDIT RISK

SETTRAC's cash is deposited with one financial institution. Cash accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC). The limit insured by the FDIC was changed from \$100,000 to \$250,000 subsequent to the fiscal year ending August 31, 2008. Amounts in excess of insured limits were approximately \$724,000 (reflects change in limit) and \$1.9 million at August 31, 2008 and 2007, respectively, without regard to reconciling items.

NOTE 3 – CONCENTRATION OF REVENUE AND ACCOUNTS RECEIVABLE

Revenue from government fees and grants were as follows at August 31:

<u>Type of Grant</u>	<u>Original Source</u>	<u>2008</u>	<u>2007</u>
EMS/RAC	State	\$ 182,961	\$ 159,977
EMS/County 911	State	260,779	157,998
EMS/Tobacco Fund Endowment	State	190,172	177,185
OSE/HRSA	Federal	4,886,518	5,483,561
Total		<u>\$ 5,520,430</u>	<u>\$ 5,978,721</u>

NOTE 4 – FIXED ASSETS

Fixed assets consist of the following at August 31:

	<u>2008</u>	<u>2007</u>
Office Equipment	\$ 45,382	\$ 33,802
Communications Equipment	157,817	157,817
Computer Equipment-Hosp/EMS Units	93,811	86,811
Field Equipment	369,781	369,781
Vehicles	659,803	496,388
TRAC-IT Software	-	-
Less accumulated depreciation	<u>(357,828)</u>	<u>(119,433)</u>
	<u>\$ 968,766</u>	<u>\$1,025,166</u>

Depreciation expense for the period ended August 31, 2008 and 2007 was \$238,395 and \$104,161, respectively.

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
NOTES TO FINANCIAL STATEMENTS
August 31, 2008 and 2007**

NOTE 5 – CONTINGENCIES

SETTRAC programs are supported through state and local grant programs that are governed by various rules and regulations. Expenses charged to the grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that SETTRAC has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been made in the accompanying financial statements for such contingencies.

NOTE 6 – ADMINISTRATIVE SUPPORT

SETTRAC is provided office space and utilities at no charge from Memorial Hermann Hospital.

NOTE 7 – UNSPENT GRANT FUNDS

SETTRAC did not expend all HRSA Yr. 5 and OASPR Yr. 6 grant funds required to be spent by the contract end dates; therefore, the unspent amount must be remitted back to the State in accordance with grant rules and regulations. The total payable to the State for unspent grant funds was \$98,752 and \$- for the years ended August 31, 2008 and 2007, respectively.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets for the years ended August 31, 2008 and 2007, respectively, are as follows:

	<u>2008</u>	<u>2007</u> (Restated)
EMS/County EMS	\$ 260,779	\$ 157,998
EMS/RAC EMS	176,211	148,626
	<u>\$ 436,990</u>	<u>\$ 306,624</u>

NOTE 9 – PRIOR PERIOD ADJUSTMENT

During the fiscal year ended August 31, 2008, it was discovered that the amount released from restriction for the year ended August 31, 2007 was overstated by \$157,998. The effect of this correction was an increase in temporarily restricted net assets of \$157,998 and a decrease in unrestricted net assets of \$157,998.

NOTE 10 – RECLASSIFICATION

Certain amounts in the 2007 financial statements have been reclassified to conform to the 2008 presentation.

FEDERAL FINANCIAL AWARDS SECTION

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended August 31, 2008**

<u>Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Expenditures</u>
Department of Health and Human Services		
Pass Through Department of State Health Services:		
National Bioterrorism Hospital Preparedness Program	93.889	\$ 4,883,933
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 4,883,933</u></u>

See accompanying notes to schedule of expenditures of federal and state awards.

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
August 31, 2008**

NOTE 1-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southeast Texas Trauma Regional Advisory Council and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Southeast Texas Trauma Regional Advisory Council
Houston, Texas

We have audited the financial statements of Southeast Texas Trauma Regional Advisory Council (a nonprofit organization) as of and for the year ended August 31, 2008, and have issued our report thereon dated June 27, 2009. 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

In planning and performing our audit, we considered Southeast Texas Trauma Regional Advisory Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeast Texas Trauma Regional Advisory Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting (2008-1).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

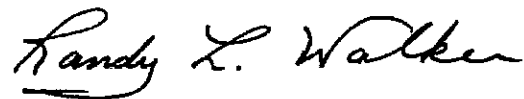
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeast Texas Trauma Regional Advisory Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions 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*.

We noted certain matters that we reported to management of Southeast Texas Trauma Regional Advisory Council in a separate letter dated June 27, 2009.

This report is intended solely for the information and use of the audit committee, management, others within the organization, 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.

A handwritten signature in black ink that reads "Randy L. Walker". The signature is written in a cursive style with a prominent underline under the first name.

San Antonio, Texas
June 27, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Southeast Texas Trauma Regional Advisory Council
Houston, Texas

Compliance

We have audited the compliance of Southeast Texas Trauma Regional Advisory Council (a nonprofit organization) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended August 31, 2008. Southeast Texas Trauma Regional Advisory Council'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 Southeast Texas Trauma Regional Advisory Council's management. Our responsibility is to express an opinion on Southeast Texas Trauma Regional Advisory Council'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 Southeast Texas Trauma Regional Advisory Council'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 Southeast Texas Trauma Regional Advisory Council's compliance with those requirements.

In our opinion, Southeast Texas Trauma Regional Advisory Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2008. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2008-2.

Internal Control Over Compliance

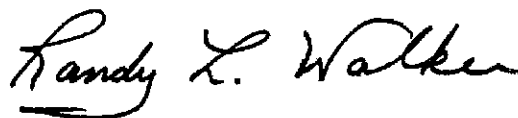
The management of Southeast Texas Trauma Regional Advisory Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Southeast Texas Trauma Regional Advisory Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Southeast Texas Trauma Regional Advisory Council's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization 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.



San Antonio, Texas
June 27, 2009

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2008**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified	None
Significant deficiencies identified that are not considered to be material weakness(es)	Yes
Noncompliance material to the financial statements	None

Federal Awards

Internal control over major programs:	
Material weakness(es) identified	None
Significant deficiencies identified that are not considered to be material weakness(es)	Yes
Type of auditor's 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 Circular A-133	None

Major Programs

Federal

93.889 National Bioterrorism Hospital Preparedness Program

Dollar threshold used to distinguish between type A and type B programs	\$300,000
Audit qualified as low-risk auditee	Yes

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2008**

Findings - Financial Statements Audit

Significant Deficiencies:

2008-1 Grant Expense Reconciliations

Condition: Grant expenditure reports sent to the State do not agree to the general ledger.

Criteria: Internal controls should be in place that provide for the reconciliation of grant expenditures to the accounting system to ensure all expenditures are completely and accurately reflected in the system.

Effect: The lack of a periodic reconciliation of grant expenditures may result in the understatement or overstatement of expenditures in the accounting records.

Cause of Condition: There are no procedures in place to require a reconciliation of grant expenditures to the accounting system prior to the expenditure reports being submitted to the State.

Recommendation: Expenditure reports should be reconciled to the accounting system for each reporting period to ensure the accounting system reflects complete and accurate expenditures.

**Findings and Questioned Costs - Major Federal Award
Programs Audit**

Significant Deficiencies:

2008-2 Grant Expense Reconciliations

Condition: Grant expenditure reports sent to the state do not agree to the general ledger.

Criteria: Internal controls should be in place that provide for the reconciliation of grant expenditures to the accounting system to ensure all expenditures are completely and accurately reflected in the system.

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2008**

**Findings and Questioned Costs - Major Federal Award
Programs Audit (continued)**

Effect: The lack of a periodic reconciliation of grant expenditures may result in the understatement or overstatement of expenditures in the accounting records.

Cause of Condition: There are no procedures in place to require a reconciliation of grant expenditures to the accounting system prior to the expenditure reports being submitted to the state.

Recommendation: Expenditure reports should be reconciled to the accounting system for each reporting period to ensure the accounting system reflects complete and accurate expenditures.

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2008**

I. PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

- none -

II. PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT

- none -

**SOUTHEAST TEXAS TRAUMA
REGIONAL ADVISORY COUNCIL
CORRECTIVE ACTION PLAN
August 31, 2008**

<u>Finding Number</u>	<u>Contact Person</u>	<u>Corrective Action Planned</u>	<u>Anticipated Completion Date</u>
2008-1	David Rives (281) 822-4444	Management will establish a process to reconcile grant expenditures to the accounting system for each reporting period.	2009 Fiscal Year
2008-2	David Rives (281) 822-4444	Management will establish a process to reconcile grant expenditures to the accounting system for each reporting period.	2009 Fiscal Year