

**NUECES COUNTY JUVENILE PROBATION**  
**FISCAL YEAR ENDING AUGUST 31, 2013**  
**AUDIT PROPOSAL**

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October 29, 2013

Honorable District Judges  
Nueces County Juvenile Probation  
Corpus Christi, Texas

This letter sets forth our understanding of the terms and objectives of our engagement, the nature and scope of the services we will provide, and the related fee arrangements.

We will audit the Nueces County Juvenile Probation, Corpus Christi, Texas, financial statements as of and for the year ended August 31, 2013, in accordance with generally accepted auditing standards, the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and with the provision of Office of Management and Budget Circular A-133. The objective of an audit carried out in accordance with such standards and regulations is (1) the expression of my opinion concerning whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the organization in conformity with generally accepted accounting principles; (2) a report on our determination that the internal control structure provides reasonable assurance of compliance with federal and other laws and regulations; and (3) the expression of an opinion on whether the organization complied with specific terms and conditions of its major federal assistance programs.

As part of our audit, we will consider the organization's internal control structure and assess control risk, as required by generally accepted auditing standards, for the purpose of establishing a basis for determining the nature, timing, and extent of auditing procedures necessary for expressing my opinion concerning the financial statements, and not to provide assurance on the internal control structure. The management of the Nueces County Juvenile Probation, Corpus Christi, Texas is responsible for establishing and maintaining an internal control structure. To fulfill this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs for internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

We will prepare a separate written report on our understanding of the organization's internal control structure and the assessment of control risk made as part of the financial statement audit. Our report will include (1) the scope of our work in obtaining an understanding of the internal control structure and in assessing the control risk; (2) the organization's significant internal controls or control structure, including the controls established to ensure compliance with laws and regulations that have a material impact on the financial statements; and (3) the reportable conditions, including the identification of material weaknesses identified as a result of my work in understanding and assessing the control risk. As required by OMB Circulars, we will also prepare a written report on our understanding, assessment, and testing of the internal control structure as it relates to major federal award programs if applicable.

Our audit will include procedures designed to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements. As you are aware, however, there are inherent limitations in the auditing process. For example, audits are based on the concept of selective testing of the data being examined and are, therefore, subject to the limitation that such matters, if they exist, may not be detected. Also, because of the characteristics of irregularities, including attempts at concealment through collusion and forgery, a properly designed and executed audit may not detect a material irregularity.

Similarly, in performing our audit, we will be aware of the possibility that illegal acts may have occurred. However, it should be recognized that our audit provides no assurance that illegal acts generally will be detected, and only reasonable assurance that illegal acts having a direct and material effect on the determination of financial statements amounts will be detected.

Compliance with laws, regulations, contracts, and grants applicable to the Nueces County Juvenile Probation, Corpus Christi, Texas compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective is not to provide an opinion on overall compliance with such provisions.

As required by Governmental Auditing Standards, we will prepare a separate written report on our tests of compliance with applicable laws and regulations. This report will contain a statement of positive assurance on those items that were tested for compliance, negative assurance on those items not tested, and a description of all material instances of noncompliance. Likewise, compliance with provisions of laws, regulations, contracts, and grants that govern federal programs is the responsibility of management.

As required by OMB Circulars A-133, we will determine and report on whether the organization complied in all material respects with the laws and regulations that apply to its major federal award programs.

With regard to transactions selected from non-major programs, our report on compliance will obtain a statement of positive and negative assurance, as discussed in this engagement.

