



COLLIN COUNTY

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RECEIVED

APR -8 2008

OPINION COMMITTEE

April 3, 2008

The Honorable Greg Abbott
Attorney General of Texas
Opinions Section
P.O. Box 12548
Austin, TX 78711-2548

FILE # Mk-45623-08

I.D. # 45623

Re: Request for Opinion

RQ-0697-GA

Dear Attorney General Abbott:

Under the provision of Government Code Section 402.043, a request was sent by my office to the District Attorney of Collin County regarding the following questions and statement of facts. The District Attorney has declined to rule on the request, stating his opinion that the decision affects all offices of County Auditor in the state and is therefore more appropriately ruled on at the state level (attached).

Local Government Code Section 112.002 provides:

- (a) In a county with a population of 190,000 or more, the county auditor shall prescribe the system of accounting for the county.
- (b) The county auditor may adopt and enforce regulations, not inconsistent with law or with a rule adopted under Section 112.003, that the auditor considers necessary for the speedy and proper collecting, checking, and accounting of the revenues and other funds and fees that belong to the county or to a person for whom a district clerk, district attorney, county officer, or precinct officer has made a collection or for whose use or benefit the officer holds or has received funds.

Local Government Code Section 112.006 provides:

- (a) The county auditor has general oversight of the books and records of a county, district, or state officer authorized or required by law to receive or collect money or other property that is intended for the use of the county or that belongs to the county.
- (b) The county auditor shall see to the strict enforcement of the law governing county finances.

Local Government Code Section 115.001 provides:

The county auditor shall have continual access to and shall examine and investigate the correctness of:

- (1) the books, accounts, reports, vouchers, and other records of any officer;

- (2) the orders of the commissioners court relating to county finances; ...

Local Government Code Section 115.004 provides:

- (a) This section applies only to a county with a population of 190,000 or more.
- (b) At the end of the fiscal year or the accounting period fixed by law, the county auditor shall audit, adjust, and settle the accounts of the district attorney, the district clerk, and each county or precinct officer.

I am seeking an opinion on the following questions:

1. May the County Auditor examine and audit any County computer system (hardware and/or software) that affects, generates, contains, or reports on financial records, including any related controls, processes, policies, configurations, user access and security associated with those systems?
2. May the County Auditor examine and audit the records (both paper and electronic) of administrative or elective offices, including any record created, managed, and/or stored electronically? This includes utilizing traditional audit programs for paper records, inquiry view access for electronic records, and auditing or monitoring software for paper and electronic records?
3. May the County Auditor examine and audit the electronic backup and recovery processes, including disaster recovery, for producing and maintaining historical financial data?
4. May the County Auditor examine and audit the rules and rights that govern calculation of a transaction and the access to the maintenance and changes to the calculations?
5. May the County Auditor examine and audit any administrative or elective offices that receive or expend funding by approval of or allocation from Commissioners Court?
6. May permission to provide the County Auditor with either view only access to internal controls within a system or use of monitor software that reports changes to internal controls be arbitrarily withheld?
7. May permission to provide the County Auditor with access to any data and/or tables used to create or support financial transactions (either by inquiry access to the data or tables or by way of monitoring software that reports changes to data or tables) be arbitrarily withheld?
8. Is the County Auditor given the authority to determine what comprises the "system of accounting" in LGC 112.002(a) or has the legislature already defined it?
9. May the County Auditor delegate any statutory duty or responsibility to a third-party or "outside auditor?"

STATEMENT OF FACTS

Questions 1-7

In 1992, the County installed an integrated, enterprise reporting software system utilizing fund accounting and including integrated modules for general ledger, payroll, purchasing, cash receipts, fixed assets, work orders, and related processes. In the mid-1990's, the County IT Department developed a judicial system with related cash receipting system that was not integrated into the enterprise system. In the past several years, the County has provided for its automated information needs by installing several purchased stand-alone software packages to meet the demand for services. The software includes programs for the tax office, county clerk land and vital records, case management for criminal justice, jury management, and human resources/payroll. The aforementioned stand-alone software packages are not integrated into the financial system.

Reports generated from these independent systems are provided to the County Auditor to support preparation of manual entries; in one instance, the software prepares a detailed listing of all transactions, which is then converted on a line-for-line basis into the general ledger. The reports provided are the result of calculations made in those systems or summaries of transactions processed in those systems.

I believe the Auditor is statutorily bound to insure the integrity of that data, and the processes that generate that data. I believe, to the extent the data deals with financial systems or transactions, that duty cannot be delegated to a third party consultant or "outside auditor".

Inquiry access permits an examination of an individual or groups of transactions; however, with the electronic processing of the transaction, the concern is the ability to examine the underlying calculations, security, access, internal controls, and configurations. Since 2000, Commissioners Court has contracted, every three years, for a security assessment of the IT systems. Quoting from the most recent (2006) security assessment, the objective of that assessment is to "gain an understanding of the Collin County information security infrastructure then identify and assess the presence and effectiveness of the policy and procedural (non-technical/administrative) controls that protect the confidentiality, integrity, and availability of Collin County information. The scope of the assessment was the Department of Information Technology and its areas of responsibility up to but not including other Collin County departments."

This effort is laudable and needed, but does it eliminate the independent verification duty of the County Auditor? Certainly, it is not only within the authority, but also the responsibility, of Commissioners Court to request an assessment of the technical infrastructure of the IT systems. This assessment serves the purpose to confirm that policies, system security, and internal controls are in place at that point in time (note: the assessment is done every three years.) However, even an annual assessment does not replace the need for ongoing verification and monitoring of the financial systems to detect any occurrence of fraud, misuse, untested programming changes, etc.

The ultimate determination of the accuracy and integrity of the financial records of the County is a duty of the County Auditor, not Commissioners Court. To truly audit those systems which provide financial data requires that I ensure that proper internal controls are in place and that I can test that they are being adhered to. This will require not only inquiry access to the system security and

controls, but also the ability to use electronic monitoring and audit sampling tools to test such basic auditing concepts as segregation of duties, tracking of transactions throughout a process, identification of unusual occurrences in processing, and ensuring that configurations are not changed to accommodate a need of the moment and then changed back to the prior approved status.

Please understand I am not asking for unlimited, unrestricted access to the County's computer system, as has already been ruled by prior opinion as inappropriate; my need is to remove or eliminate as much as possible any compromises to the financial data that may occur. I am asking inquiry view and monitoring access only. The access can be provided either within the system itself or from monitoring/compliance/auditing software.

Some maintain that reports of financial transactions generated by these systems are sufficient and fulfill the requirements of Local Government Code 115.001; I do not. The financial activity includes more than just a paper report. A paper report does not provide the information necessary for audit and verification. To audit and verify the activity requires examination of the underlying foundation of the report – how amounts are calculated, summarized and distributed, as well as who had access to the report and the transactions. It includes an assurance that the financial data has not been compromised.

One concern expressed by some regarding the inquiry access is that some of these systems are "proprietary" in nature; that is, their programming is not available to be inspected. We are not asking for access to proprietary programming; this concern is an obfuscation of the question.

The software and its proprietary programming is not an issue; those questions were answered when Commissioners Court authorized the software purchase. In order for most software to work within an organization, someone had to configure that system. The questions as to who has access, who can do what, who can change the settings once the system is installed, what calculations are performed, who can change the tables for those calculations, etc., are all answered during configuration. Changes to configuration and security should be minimal after installation. I believe it is my responsibility to audit the configuration, security, processes, and user access rights and roles on an on-going basis to ensure the integrity of the financial transactions provided by any system.

Noted earlier was new stand-alone software for human resources and payroll. Until late December of 2006, the County Auditor had full inquiry access to the payroll system, including system controls, as it was part of an integrated enterprise reporting financial system. In December, 2006 the County converted to new HR/PR software that is not integrated with the financial system. The conversion has severely limited the ability of the County Auditor to audit the payroll financial transactions; in addition, access has been denied to confirm the system configuration, system rules, user access (rights and roles), codes and their definitions, deduction calculation tables, etc.

All these components of the software play a critical role in the integrity and accuracy of the financial data being generated for reporting purposes and for inclusion in the financial reports. The financial records that reside in the software provide not only the earnings, deductions and benefits for all employees, but are also used for all state and federal payroll and state retirement reporting and could be altered without scrutiny of the County Auditor.

As the payroll is prepared by the Human Resources/Payroll Department, it is the responsibility of the County Auditor to confirm that Collin County employees are compensated according to all state and federal laws and regulations as well as county policy and procedure. The payroll audit function should include confirmation that all entries into the HR/PR system are correct. The Auditor's Office works with the County Clerk Treasury Department (Collin County does not have a County Treasurer) and the Human Resources Department to print and distribute paychecks to Collin County employees in a timely manner.

With implementation of workflow and employee self-service used in the new HR/PR software, an employee can electronically change a deduction on an ad-hoc basis for some deductions and annually for others. I am not requesting to have unlimited electronic access to personnel records, but I still must audit what is provided as support for financial transactions. I recognize the difficulty of giving only specific restricted access to limited parts of a system. To meet the requirements of LGC 155.002, I have offered to accept copies of the originating documents, if paper documents are filed, or to be included in the workflow process to receive those notices of changes to an employee's file at the same time as Payroll. The offer is predicated on having inquiry access to confirm those changes in an employee's electronic file.

The Attorney General's office has previously determined the County Auditor cannot have immediate or unlimited access to the records of county officers and that county officers retain reasonable control over the information maintained in the pursuit of their official duties. Attorney General Opinion WW-154 (1957) concluded that "continual access" means that the auditor may be present in the office of the county officer whose records are to be examined at all times when that office is in operation. It also determined that in the absence of statutory authorization or the permission of the county officer, the Auditor could not remove the records from the office for inspection. The county officer could therefore prevent the Auditor from physically removing the records. That reasoning was applied in Attorney General Opinion JM-1275 which concluded:

"...we do not believe the county auditor may, through computer programming or equipment applications, obtain unlimited access to the records of elected county, district, or precinct officers without the prior authorization of the officers. Because county officers are equally bound by sections 112.006 and 115.001, their authorization may not be arbitrarily or unreasonably withheld."

My questions do not ask for unlimited access to the records of any officer but are limited to inquiry view and system monitoring only. We are not talking only about the records, but also about the software and system set up that protects, processes, controls, transfers and reports the information contained in those records.

There has been discussion that providing system generated reports or reports generated via a third party application such as Microsoft Access® or Crystal Reports® using data from the stand alone systems should satisfy the Auditor's needs for auditing their records and system. The question is not about the reports; this continues to confuse the issue. The question is about the underlying configuration and security of the data, as well as the system tables that are used to calculate the results summarized in the report. I do not believe that an unsupported report is sufficient to fulfill my statutory requirements.

Nothing in previous opinions relieve the Auditor of his duty to examine and investigate the correctness of the County's financial records. Indeed, JM-1275 reiterated LGC 115.001 and 115.002, "The auditor is under the duty to carefully examine and investigate the correctness of these records and reports."

Recent events and the Federal response to the events are instructive. Within the last eight years, several issues in the public sector have sparked serious concern over ensuring reporting of financial results is accurate, management actions are transparent, and executives are accountable for their actions.

Enron, WorldCom and Tyco have all highlighted significant problems with financial results, statement presentations and management assertions. The Federal Government's response to these issues was Sarbanes-Oxley (SOX) in 2002, which contained specific mandates and requirements for financial reporting in the private sector, including holding senior executives individually responsible for the accuracy and completeness of corporate financial reports. Signing officers must certify that they are "responsible for establishing and maintaining internal controls."

External auditors are required to issue an opinion on whether effective internal control over financial reporting was maintained in all material respects by management. This is in addition to the financial statement opinion regarding the accuracy of the financial statements.

Auditing standards for SOX now include, among others, the following:

- Assess design and operating effectiveness of internal controls in the context of material misstatement risks.
- Understand the flow of transactions, including IT aspects, sufficiently to identify points at which a misstatement could arise.
- Perform a fraud risk assessment.
- Evaluate controls designed to prevent or detect fraud, including override of controls.
- Evaluate controls over the period-end financial reporting process.
- Evaluate controls over the safeguarding of assets.

Those are the same standards that local government and the County Auditor should be held to. Both the SEC and the American Institute of CPA's (AICPA) recognize the work of the internal audit function as an integral part of the external auditor's work and opinion. External audit is a snapshot in time, with audit work performed over a short period of time during the annual audit. Internal audit is more concerned with compliance auditing; that is, what happens over time. The AICPA states:

"Internal auditors are responsible for providing analyses, evaluations, assurances, recommendations, and other information to the entity's management and those charged with governance. To fulfill this responsibility, internal auditors maintain objectivity with respect to the activity being audited." *Par.03, AICPA SAS 65, AU Section 322 – The Auditor's Consideration of the Internal Audit Function in an Audit of Financial Statements.*

"Relevant activities are those that provide evidence about the design and effectiveness of controls that pertain to the entity's ability to initiate, authorize, record, process, and report

financial data consistent with the assertions embodied in the financial statements or that provide direct evidence about potential misstatements of such data.” *Note 1, AICPA SAS 65, AU Section 322 – The Auditor’s Consideration of the Internal Audit Function in an Audit of Financial Statements.*

The Institute of Internal Auditors (IIA) notes:

“Although internal auditors are not independent from the entity, The Institute of Internal Auditors’ Standards for the Professional Practice of Internal Auditing defines internal auditing as an independent appraisal function and requires internal auditors to be independent of the activities they audit.” *Note 2, AICPA SAS 65, AU Section 322 – The Auditor’s Consideration of the Internal Audit Function in an Audit of Financial Statements.*

Question 8

In a county with a population of 190,000 or more, LGC 112.006 (a) states: “the county auditor **shall** prescribe the system of accounting for the county.” LGC 112.006 (b) continues: “The county auditor may adopt and enforce regulations, not inconsistent with law or with a rule adopted under Section 112.003 of the Local Government Code that the auditor considers necessary for the speedy and proper collecting, checking, and accounting of the revenues and other funds and fees that belong to the county or to a person for whom a district clerk, district attorney, county officer, or precinct officer has made a collection or for whose use or benefit the officer holds or has received funds.”

The county auditor has the authority to prescribe the system of accounting. A critical part of any system of accounting is the frame work of internal controls. According to the Government Finance Officers Association in their Governmental Accounting, Auditing and Financial Reporting Guide (the “Blue Book”) on page 382 of the 2005 edition, this framework must (emphasis added):

- (a) provide a favorable *control environment*;
- (b) provide for the *continuing assessment of risk*;
- (c) provide for the design, implementation, and maintenance of effective *control-related policies and procedures*;
- (d) provide for the effective *communication* of information; and
- (e) provide for the ongoing *monitoring* of the effectiveness of control-related policies and procedures, as well as the resolution of any potential problems identified.

Most systems of accounting or financial software have adequate internal controls if the system is properly configured and user controls are set up properly and are properly maintained. The most effective way for the County Auditor to insure prescribed internal controls are in place and working is to have the ability to monitor those controls down to their lowest level. If the prescribed internal controls can be monitored down to their lowest level, there is a lower risk and a much higher assurance that transactions performed and reported by that system of accounting are accurate and appropriate. This is the most efficient method of monitoring and achieves the highest level of assurance short of auditing 100% of the individual transactions.

I believe Texas law mandates the County Auditor ensure the financial systems comply with generally accepted accounting principles and the law as it applies to county finances. The County Auditor must report financial information; it should be accurate and timely. I also believe the law mandates the County Auditor have access to all of the financial records of the County, and to the systems that maintain those records to give this office the ability to ensure that compliance. I believe the law as cited above provides the authority the County Auditor requires to fulfill these mandates.

Question 9

The only Attorney General opinion I have found that appears to address the issue of "delegation of duties" is DM-440. It points to the innate principle that "core functions" of a governmental official - those duties that are imposed on an official by statute - cannot be delegated to another, absent a statute authorizing that governmental officer to do so.

The County Auditor has general oversight of the books and records of a county, district, or state officer authorized or required by law to receive or collect money or other property that is intended for the use of the county or that belongs to the county. *Local Government Code 112.006(a)*. I believe this is a "**core function**" of the office and cannot be delegated.

The County Auditor shall see to the strict enforcement of the law governing county finances. *Local Government Code 112.006(b)*. Again, this is a "**core function**" of the office. Without the ability to conduct audits of the County's financial systems and the sub-systems that provide financial transactions, this office cannot fulfill its statutory obligations.

In a county with a population of 190,000 or more, the law states the county auditor **shall** prescribe the system of accounting for the county. *Local Government Code 112.006 (a)*. The county auditor may adopt and enforce regulations, not inconsistent with law or with a rule adopted under Section 112.003 of the Local Government Code that the auditor considers necessary for the speedy and proper collecting, checking, and accounting of the revenues and other funds and fees that belong to the county or to a person for whom a district clerk, district attorney, county officer, or precinct officer has made a collection or for whose use or benefit the officer holds or has received funds. *Local Government Code 112.006(b)*. Again, these are "**core functions**" of the office.

The case law with respect to the County Auditor's delegation of its duties to some third party or to some other legal entity or office also seems to indicate that a delegation of statutory responsibilities must be authorized by statute. See, for example Smith v. Flack, 728 S.W.2d 784.

The Legislature has required that "[a]ll claims, bills and accounts against the county be filed in ample time for the auditor to *examine and approve* same before the meetings of the commissioners court. No claim, bill or account shall be allowed or paid until it has been *examined and approved* by the county auditor thereon." *V.A.C.S., Article 1660 (1962) (emphasis added)*. Under that authorizing statute, a County Auditor must make an independent examination of a claim and approve it before submitting it to Commissioners Court. Assuming *arguendo* that such an examination involves discretionary power, the Legislature has not provided a County Auditor with any authority to delegate that duty to another legal entity or office. In other words, a county auditor

has "a duty clearly fixed and required by law" to perform his statutory duties within his own office. 728 S.W.2nd at 790.

See also, Cridler v. Cox, 960 S.W.2d 703:

"A County Auditor, however, is not authorized to delegate to another legal entity or office her responsibility to examine and approve, if appropriate, a claim. *Smith v. Flack*, 728 S.W.2d 784, 790 (Tex.Cr.App.1987). She must make an independent examination of each claim and approve it before the Commissioners Court may consider it. *Id.*"

I am unaware of any statute that authorizes the Auditor to delegate any of these duties.

CONCLUSION

Earlier, I discussed Sarbanes-Oxley. Some would ask why bring SOX into the discussion. The reason is simple: the State of Texas has already addressed some of these concerns by defining the roles and duties of Commissioners Court ("executive branch") and the County Auditor ("auditing and financial reporting"). The issue before the Attorney General lies in the inherent risks associated with system and software controls that are not examined and audited by the County Auditor. It is neither reasonable nor in keeping with current auditing standards to assert that the executive branch of county government has control of and determination of adequacy of IT controls that involve the County's financial systems without an independent internal audit of those controls by the very office placed in county government to perform that audit.

As stated earlier, I believe the law mandates the County Auditor ensure the financial systems comply with generally accepted accounting principles, and with law as it applies to governmental finances and the financial information is reported accurately. The law authorizes the County Auditor to prescribe the system of accounting for the county, and to have continual (inquiry) access to all of the financial records of the County and the systems that maintain those records to provide the County Auditor with the ability to ensure compliance.

I believe the law allows the County Auditor limited access to all other records that support the financial records as agreed to by the elected official who by law is responsible for those records and that access can not be arbitrarily withheld. I believe the law as cited above is intended to provide the authority the County Auditor requires to fulfill these mandates and that it does not provide for the delegation of that responsibility to another legal entity or office.

The State Comptroller's Office, in its Financial Management Review of the Galveston County Auditor's Office, noted on page 9, paragraph 4:

"...some areas of technical and organizational methods can be improved. The county's overall computer architecture is disjointed. It is within the auditor's statutory authority to require the system to be altered so the county's accounting functions conform to standards of efficiency."

The report from the State Comptroller, on page 12, Finding 2, states:

"The Galveston County Auditor is required to prescribe the system of accounting for the county.⁸ The purpose of this authority is to ensure revenues, fees and other funds either belonging to the county or held by officers on behalf of third parties are speedily and properly collected and accounted for. The auditor may also prescribe rules and procedures to enforce this authority.

Good accounting systems are a tremendous benefit to an organization. Systems can be manual, automated or a combination of the two. Generally, automation enhances productivity and allows the workers to be more efficient. This principle holds true as long as the computer system is well designed, requires minimal maintenance and the employees are sufficiently trained in its operation.

A computer system is no longer efficient when employees spend an inordinate amount of time performing support and repair operations. A worse situation occurs when employees "feed" data to an unreliable system but rely on records that they maintain off-line. In this case, they are maintaining two systems: the official system and the one they have designed out of necessity to work around the official system.

Another characteristic of an efficient system is its ability to easily transfer data to and from other modules or applications. This prevents violation of a cardinal rule of automation, "Never enter data more than once." Therefore, fully integrated systems are the most efficient since they can easily transfer data. For example, a fully integrated accounting system will automatically post summary data to its general ledger from each of its subsidiary ledgers such as cash receipts, cash disbursements and fixed assets. Without integration, even if each of these subsystems is automated, employees must take the output from each system, summarize it and enter it into the general ledger. This manual intervention creates opportunities for error and lengthens the time necessary to perform an otherwise simple, one-step function.

Galveston County uses a number of different hardware and software configurations. The county's computer systems were not designed with a basic, finished system in mind; they have been evolving over time.

Reference is:

⁸ V.T.C.A. Local Government Code, § 112.002 Required of the auditor in any county with a population of more than 190,000. Galveston County has a population of more than 190,000.

The report goes on to say on page 14, under Recommendation A:

"The auditor should no longer prepare data submitted by other departments for entry to IFAS, the county's general ledger. Although this recommendation will require departments to prepare their data for entry, it does not eliminate the double entry problem."

On Page 15, under Recommendation B:

"The auditor should exercise his authority to prescribe and enforce regulations that require the IT department and other departments to prepare automated interfaces between their systems and IFAS."

In the Auditing area, page 23, the State Comptroller report states:

"According to Texas law, the county auditor is responsible for auditing the following areas:

- Ongoing auditing in any area pertaining to county finances;¹³
- Monthly examination of all reports about money that are made to the commissioners court and all receipt books of offices collecting fines and fees in criminal cases;¹⁴
- Quarterly audits of books and reports from all offices;¹⁵ and
- An annual audit of all offices.¹⁶

References are:

13 V.T.C.A., Local Government Code § 112.006.

14 V.T.C.A., Local Government Code § 115.002, V.T.C.A., Code of Criminal Procedure Art. 103.011.

15 V.T.C.A., Local Government Code § 115.002.

16 V.T.C.A., Local Government Code § 114.041, § 115.0035, § 115.004."

The report provides a further explanation of the audit requirements on page 26:

"Compliance with statutory audit requirements is mandatory. Using the same audit procedures to meet the monthly, quarterly and annual requirements is a must.

In order to better understand and plan county auditing, it helps to think of the statutory audit requirements as a series of building blocks:

- The required monthly examinations of reports and receipt books are the basic building blocks in the audit process;
- The results of the monthly examinations, along with additional procedures that broaden the scope, become the more extended quarterly examinations of the books and reports of each office;
- The quarterly examinations in turn are the basis for comprehensive annual audits of each office; and
- The finishing touches are other audit procedures that must be done at some time during the year, including payroll, property, the purchasing system, commissioners court orders regarding county finances and any other matters relating to county finance that the county auditor thinks need investigating.

This last group of procedures fulfills the county auditor's statutory obligations to enforce the laws governing county finances and to determine the accuracy of county financial records. Some of these procedures are specific to a particular county office and may be included in the audit report of that office. Others are countywide, involving several offices or they may not even be directly identifiable with any particular office."

On page 63, the report continues with a chapter titled Electronic Data Processing (EDP) Auditing. In the overview, the following statement is offered:

"Galveston County is one of the few counties that employ a certified information systems auditor (CISA) as an Electronic Data Processing (EDP) auditor. This is commendable, because many of the traditional financial controls that auditors test are now built into the organization's software. This type of review requires an auditor who can help test access to the systems, the transfer of information from one system to another and the output itself.

With the increased dependence on integrated computer networks, the need for network security is a growing concern. Many local governments have a haphazard approach to network security. In

April 2000, Galveston County Commissioners Court retained a vendor to conduct a network penetration security assessment. The Galveston County EDP auditor was instrumental in bringing about this test of the county's network security and assisted with the on-site work and follow-up.

Although the conclusion reached by the vendor was that Galveston County needed a number of security enhancements, the fact that an assessment was undertaken at all is laudable. The EDP auditor was involved with the planning and worked closely with the vendor during the study."

Perhaps the most compelling statement of all is on page 64, under point 15:

"Automation is a powerful tool for financial accounting, yet it poses challenges for the auditor. Auditors must be familiar with the basics of computerized systems such as how data is input, processed, posted and reported. Security controls should be studied to answer questions such as who has access to the system and who has the ability to change or delete information. The Information Systems Audit and Control Association's certification board has developed a certification process to train auditors how to effectively audit computerized financial systems.

Computers can and should be used in the audit process. This makes an audit more cost-effective and the results more accurate. There are many types of tools and techniques, such as generalized audit software, utility software, statistical sampling, test data and application software tracing and mapping that can be used to help an EDP auditor perform data analysis of the computer systems being audited. These tools could be used to:

- **Test detail of transactions and balances;**
- **Analyze review procedures;**
- **Test information systems general controls;**
- **Test the compliance of application controls;**
- **Estimate account balances; and**
- **Test system penetration."**

I don't believe I could put it anymore succinctly than the words expressed above by the Texas State Comptroller's Office. Their eloquence has provided an appropriate conclusion to this request.

Thank you for your time and consideration with regard to these matters. If you need any additional information, please do not hesitate to contact me.

Sincerely,



Donald W. Cozad
Collin County Auditor

cc: Honorable Chris Older
Judge, 416th District Court

Honorable Keith Self
Collin County Judge

Honorable John Roach
Collin County District Attorney

Attachments:

Letter from Honorable John Roach, Collin County District Attorney
Galveston County Auditor's Office Financial Management Review by Texas State Comptroller

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March 17, 2008

Don Cozad
County Auditor
200 S. McDonald, Suite 300
McKinney, Texas 75069

Re: Your request of January 25, 2008 for a written opinion.

Dear Mr. Cozad:

You have requested a written opinion from this office relating to the official duties of the County Auditor in Collin County. Your request pertains to you authority "to audit the computerized financial systems and related controls, processes, policies, configurations, access and security associated with those systems and the financial transactions they create and/or record."

Specifically, you have presented these questions:

1. Does the County Auditor have the duty to audit any Collin County computer system (hardware or software) that affects, generates, or contains financial records? If so, can that duty be delegated to some third party?
2. Is the County Auditor bound to accept at face value the reports generated by any sub-system or stand-alone software, without the ability to review, inspect, and audit the calculations, configurations, security, access, processes, etc., that provide the underlying proof of the transaction reported?
3. What comprises the "system of accounting" as stated under Local Government Code 112.002 (a)?

Your request and the materials submitted in support have been thoroughly reviewed.

As you know, if you, as the County Auditor, or the county judge, or any other officer who is affected by an opinion rendered in response to your request, disagrees with that opinion, or believes that it is in conflict with earlier Texas Attorney General Opinions, you may request an opinion directly from the Texas Attorney General. Inasmuch as any opinion rendered by my office pursuant to your request leaves open the questions presented where there is disagreement with it by others affected, I decline to render such an opinion.

There are other equally important reasons, as well, for my decision to not answer your request. (1) your question regarding a "system of accounting" is a question outside the scope of my authority to render an opinion; (2) your other questions present issues that are not merely of local interest; (3) there is no mechanism by which other interested parties could opine or argue for or against the issues raised in your request, and, even if there were, no one opining or presenting such arguments would be affected, much less bound, by the opinion requested, (4) my office does not have the resources to issue an opinion of the complexity your request engenders because we lack the personnel, both in availability and with the requisite expertise; and (5) all of these defects or problems could be remedied by your request for an opinion from the Texas Attorney General and his response to it.

Having declined your request for an opinion, I recommend that you make your request of the Texas Attorney General.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Roach". The signature is written in a cursive style with a large, looping initial "J".

John R. Roach