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A Review of

Reports Submitted by Regional Planning Commissions

October 2010

Report No. 11-009



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Overall Conclusion

All of the 24 regional planning commissions (RPCs) in Texas submitted all statutorily required financial, productivity, performance, audit, and salary reports to the State Auditor's Office. Those reports were due to the State Auditor's Office between June 1, 2009, and June 30, 2010. Submitting those reports is important because, according to their most recent annual financial statements, the 24 RPCs:

- Received \$812,472,401 in local, state, and federal funds.
- Spent \$13,460,469 in American Recovery and Reinvestment Act funds.

While the 24 RPCs submitted all statutorily required reports, the Panhandle Regional Planning Commission was the only RPC that submitted all of the specific information required by statute and/or the Texas Administrative Code. For example, 2 (8.3 percent) of the 24 RPCs did not submit an explanation of any method the RPC used to compute an expense, including computation of any indirect cost of the RPC, as required by statute and the Texas Administrative Code. In addition, 13 (54.2 percent) of the 24 RPCs submitted productivity and performance reports that did not include a comparison of planned to actual performance for any programs, as required by the Texas Administrative Code.

Statute and the Texas Administrative Code do not provide specific guidance on the format that RPCs should use to report productivity and performance information. As a result, the RPCs used a variety of formats to prepare their productivity and performance reports. Auditors also observed that a given RPC could use different

Background Information

Regional planning commissions (RPCs) are governed by Chapter 391 of the Texas Local Government Code. The 24 RPCs in Texas are political subdivisions created under Texas statute to improve the health, safety, and general welfare of residents and to plan for future development. RPCs have the authority to receive state, federal, and other sources of funding to support programs in areas such as aging, work force development, and transportation.

Texas Local Government Code, Section 391.0095(a), requires that each RPC annually report to the State Auditor:

- The amount and source of funds received.
- The amount and source of funds expended.
- An explanation of any method the RPC used to compute an expense, including computation of any indirect costs.
- A report of the RPC's productivity and performance during the annual reporting period.
- A projection of the RPC's productivity and performance during the next annual reporting period.
- The results of an audit of the RPC's affairs prepared by an independent certified public accountant.
- A report of any assets of which the RPC disposed.

Texas Local Government Code, Section 391.0117(e), also requires each RPC that meets certain conditions to submit to the State Auditor the RPC's salary schedule, including the salaries of all exempt positions, no later than the 45th day before the date of the beginning of the RPC's fiscal year.

The Texas Administrative Code provides specific details regarding the statutory requirements.

This review was conducted in accordance with Texas Local Government Code, Sections 391.0095 and 391.0117.

For more information regarding this report, please contact Lisa Collier, Assistant State Auditor, or John Keel, State Auditor, at (512) 936-9500.

formats to report productivity and performance information for different programs at that RPC. In addition:

- The productivity and performance reports did not provide information that indicated whether the reported performance measures were organizational measures or output and outcome measures required to be reported to any entity sponsoring the programs, as required by the Texas Administrative Code.
- Some of the productivity and performance reports specifically identified and quantified performance measure information, but others summarized performance measure information and program information.

Certified public accountants (CPAs) issued unqualified opinions¹ on the financial statements for all 24 RPCs. However, CPAs' audits of the most recent annual financial statements for 3 (12.5 percent) of the 24 RPCs identified material weaknesses in internal controls over financial reporting or compliance with major federal and state award programs. Those three RPCs were:

- The Alamo Area Council of Governments (see Chapter 1-A).
- The Central Texas Council of Governments (see Chapter 1-E).
- The Texoma Council of Governments (see Chapter 1-W).

According to their audited financial statements, those three RPCs are taking steps to address the material weaknesses identified.

The information the RPCs submitted indicated that RPCs have multiple programs and functions. According to the RPCs' audited financial statements, some of the programs on which the RPCs spent the largest amounts of funds included work force development, aging, and transportation. Appendix 4 includes general descriptions of some of the major programs that RPCs provide.

Summary of Objectives, Scope, and Methodology

The objectives of this review were to:

- Determine whether RPCs have submitted reports, audits, and salary schedules to the State Auditor as required under Texas Local Government Code, Section 391.0095 and Section 391.0117, and report any failure to comply with the reporting requirements to the Office of the Governor.
- Review reports and audits, including any working papers and other supporting documentation, as deemed necessary.

¹ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

The scope of the review covered reports due to the State Auditor's Office between June 1, 2009, and June 30, 2010.

The methodology for this review included determining whether RPCs submitted statutorily required information due to the State Auditor's Office between June 1, 2009, and June 30, 2010. Auditors compiled certain information provided by the RPCs, such as the results of the financial statement audits and information from productivity and performance reports.

Auditors did not verify the accuracy of the information the RPCs reported because this project was a review and the information in this report was not subjected to all the tests and confirmations that would be performed in an audit. However, the information in this report was subject to certain quality control procedures to help ensure accuracy.

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Detailed Results

Chapter 1

Summary of Information from Reports That Regional Planning Commissions Submitted

Compliance with Reporting Requirements

All of the 24 regional planning commissions (RPCs) in Texas submitted all statutorily required financial, productivity, performance, audit, and salary reports to the State Auditor's Office. Those reports were due to the State Auditor's Office between June 1, 2009, and June 30, 2010. It is important to note that auditors compiled information that RPCs submitted to the State Auditor's Office. The information in this report was not subjected to the tests and confirmation that would be performed in an audit.

The Panhandle Regional Planning Commission was the only RPC that submitted all of the specific information required by statute and/or the Texas Administrative Code. For example, 2 (8.3 percent) of the 24 RPCs did not submit an explanation of any method the RPC used to compute an expense of the RPC, including computation of any indirect cost of the RPC, as required by statute and the Texas Administrative Code. In addition, 13 (54.2 percent) of the 24 RPCs submitted productivity and performance reports that did not include a comparison of planned to actual performance for any programs, as required by the Texas Administrative Code.

Statute and the Texas Administrative Code do not provide specific guidance on the format that RPCs should use to report productivity and performance information. As a result, the RPCs used a variety of formats to prepare their productivity and performance reports. Auditors also observed that a given RPC could use different formats to report productivity and performance information for different programs at that RPC. In addition:

- The productivity and performance reports did not provide information that indicated whether the reported performance measures were organizational measures or output and outcome measures required to be reported to any entity sponsoring the programs, as required by the Texas Administrative Code.
- Some of the productivity and performance reports specifically identified and quantified performance measure information, but others summarized performance measure information and program information.

Table 1 summarizes RPCs' compliance with statutory and Texas Administrative Code requirements to submit information to the State Auditor's Office. Specifically:

- "Complied" indicates that the RPC submitted the statutorily required reports, and the specific information in those reports met the statutory requirements and supplemental requirements in the Texas Administrative Code.
- "Partially Complied" indicates that the RPC submitted the statutorily required reports, but the specific information in those reports did not meet some or all of the statutory requirements or supplemental requirements in the Texas Administrative Code.

Table 1

Regional Planning Commissions' Compliance with Requirements to Submit Information to the State Auditor (For Information Due Between June 1, 2009, and June 30, 2010)								
Regional Planning Commission	Required Information							
	Amount and Sources of Funds Received ^a	Amount and Sources of Funds Expended ^a	Expense and Indirect Cost Computation Information ^a	Productivity and Performance During Reporting Period	Projected Productivity and Performance for Next Reporting Period	Results of an Audit by a Certified Public Accountant ^a	Report of Disposed Assets	Salary Schedule
Alamo Area Council of Governments	Complied	Complied	Complied	Partially Complied	Complied	Complied	Partially Complied ^b	Complied
Ark-Tex Council of Governments	Complied	Complied	Complied	Partially Complied	Complied	Complied	Partially Complied	Complied
Brazos Valley Council of Governments	Complied	Complied	Complied	Partially Complied	Complied	Complied	Partially Complied	Complied
Capital Area Council of Governments	Complied	Complied	Complied	Partially Complied	Complied	Complied ^b	Partially Complied	Complied
Central Texas Council of Governments	Complied	Complied	Complied	Partially Complied	Partially Complied	Complied ^b	Complied	Partially Complied
Coastal Bend Council of Governments	Complied	Complied	Partially Complied	Partially Complied	Partially Complied	Complied	Complied	Complied
Concho Valley Council of Governments	Complied	Complied	Partially Complied	Partially Complied	Complied	Complied	Partially Complied ^b	Complied ^b
Deep East Texas Council of Governments	Complied	Complied	Complied	Partially Complied ^b	Partially Complied ^b	Complied	Partially Complied ^b	Partially Complied ^b
East Texas Council of Governments	Complied	Complied	Partially Complied	Partially Complied	Complied	Complied ^b	Complied	Complied ^b

**Regional Planning Commissions' Compliance with Requirements to Submit Information to the State Auditor
(For Information Due Between June 1, 2009, and June 30, 2010)**

Regional Planning Commission	Required Information							
	Amount and Sources of Funds Received ^a	Amount and Sources of Funds Expended ^a	Expense and Indirect Cost Computation Information ^a	Productivity and Performance During Reporting Period	Projected Productivity and Performance for Next Reporting Period	Results of an Audit by a Certified Public Accountant ^a	Report of Disposed Assets	Salary Schedule
Golden Crescent Regional Planning Commission	Complied	Complied	Partially Complied	Partially Complied ^b	Complied ^b	Complied	Partially Complied	Complied ^b
Heart of Texas Council of Governments	Complied	Complied	Complied	Partially Complied ^b	Partially Complied ^b	Complied	Complied ^b	Complied
Houston-Galveston Area Council of Governments	Complied	Complied	Partially Complied	Partially Complied	Complied	Complied	Complied	Complied
Lower Rio Grande Valley Development Council	Complied	Complied	Partially Complied	Partially Complied	Complied	Complied	Partially Complied	Complied
Middle Rio Grande Development Council	Complied	Complied	Partially Complied	Partially Complied	Partially Complied	Complied	Partially Complied	Partially Complied ^b
Nortex Regional Planning Commission	Complied	Complied	Complied	Partially Complied	Partially Complied	Complied	Complied	Complied ^b
North Central Texas Council of Governments	Complied	Complied	Complied	Partially Complied	Partially Complied	Complied	Complied	Complied ^b
Panhandle Regional Planning Commission	Complied	Complied	Complied	Complied	Complied	Complied	Complied	Complied
Permian Basin Regional Planning Commission	Complied	Complied	Complied	Complied	Complied	Complied	Complied	Partially Complied
Rio Grande Council of Governments	Complied	Complied	Partially Complied ^c	Partially Complied	Complied	Complied	Partially Complied	Complied
South East Texas Regional Planning Commission	Complied	Complied	Complied	Complied ^b	Complied ^b	Complied	Complied	Partially Complied ^b
South Plains Association of Governments	Complied	Complied	Partially Complied	Partially Complied	Partially Complied	Complied ^b	Complied	Partially Complied
South Texas Development Council	Complied	Complied	Complied	Partially Complied	Partially Complied	Complied	Complied	Complied
Texoma Council of Governments	Complied	Complied	Complied	Partially Complied	Complied	Complied	Partially Complied	Complied
West Central Texas Council of Governments	Complied	Complied	Partially Complied	Complied	Complied	Complied	Complied	Complied

**Regional Planning Commissions' Compliance with Requirements to Submit Information to the State Auditor
(For Information Due Between June 1, 2009, and June 30, 2010)**

Regional Planning Commission	Required Information							
	Amount and Sources of Funds Received ^a	Amount and Sources of Funds Expended ^a	Expense and Indirect Cost Computation Information ^a	Productivity and Performance During Reporting Period	Projected Productivity and Performance for Next Reporting Period	Results of an Audit by a Certified Public Accountant ^a	Report of Disposed Assets	Salary Schedule
Summary of Compliance								
Number and Percent That Complied	24 (100.00%)	24 (100.00%)	14 (58.33%)	4 (16.67%)	15 (62.50%)	24 (100.00%)	13 (54.17%)	18 (75.00%)
Number and Percent That Partially Complied	0 (0.00%)	0 (0.00%)	10 (41.67%)	20 (83.33%)	9(37.50%)	0 (0.00%)	11 (45.83%)	6 (25.00%)
^a Because of the beginning and ending dates of their respective fiscal years, some RPCs were required to submit two sets of annual financial statements during the time period that the State Auditor's Office reviewed (June 1, 2009, through June 30, 2010). For each of those RPCs, auditors reviewed the RPC's compliance with requirements for both sets of financial statements submitted. ^b The RPC submitted this information after the date due established in the Texas Administrative Code. ^c The RPC submitted information for the fiscal year ended September 30, 2009, which met statutory requirements and supplemental requirements in the Texas Administrative Code; however, the information submitted for the fiscal year ended September 30, 2008, did not meet all of the requirements.								

Source: Auditors' analysis of information that RPCs submitted.

Audited Financial Statements

Certified public accountants (CPAs) issued unqualified opinions² on the financial statements for all 24 RPCs. However, CPAs' audits of the most recent annual financial statements for 3 (12.5 percent) of the 24 RPCs identified material weaknesses in internal controls over financial reporting or compliance with major federal and state award programs. Those three RPCs were:

- The Alamo Area Council of Governments (see Chapter 1-A).
- The Central Texas Council of Governments (see Chapter 1-E).
- The Texoma Council of Governments (see Chapter 1-W).

According to their audited financial statements, those three RPCs are taking steps to address the material weaknesses identified.

² An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Programs and Functions

The information the RPCs submitted indicated that RPCs have multiple programs and functions. According to the RPCs' audited financial statements, some of the programs on which the RPCs spent the largest amounts of funds included work force development, aging, and transportation. Appendix 4 includes general descriptions of some of the major programs that RPCs provide.

Alamo Area Council of Governments

Alamo Area Council of Governments	
Location	San Antonio, TX
Number of Counties	12
Population	2,134,710
Number of Positions on Salary Schedule	132
Executive Director's Salary	\$156,042
Net Assets	\$10,097,526
Total Revenue	\$36,831,037
Total Expenditures	\$34,133,478
Total American Recovery and Reinvestment Act Funds Spent	\$0
Amount of Disposed Assets	\$3,151
Sources: Texas County Population Estimates, 2008; audited financial statements as of December 31, 2008; report of disposed assets as of December 31, 2009; and salary schedule as of September 2009.	

The Alamo Area Council of Governments submitted all statutorily required reports; however, the productivity and performance reports and disposed assets report it submitted did not contain all of the information required by the Texas Administrative Code. Its productivity and performance reports did not include (1) a comparison of planned to actual performance and (2) an analysis of progress made toward achieving planned goals. The disposed assets report did not contain (1) acquisition date, (2) acquisition cost, and (3) reason for disposing of each asset.

This RPC received an unqualified opinion³ on its annual financial statements for the fiscal year ended December 31, 2008; however, its auditor identified two material weaknesses in internal controls over compliance with major federal and state award programs. The two material weaknesses related to (1) allowable costs and cost principles and (2) compliance with the Davis-Bacon Act, which specifies requirements for wages paid by contractors or subcontractors that work on construction contracts paid for with federal funds. The RPC agreed to implement policies and procedures to address those material weaknesses.

According to this RPC's audited financial statements, the two programs for which this RPC spent the largest amounts of funds were its Area Agency on Aging and health and welfare.

³ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Ark-Tex Council of Governments

Ark-Tex Council of Governments	
Location	Texarkana, TX
Number of Counties	9
Population	276,779
Number of Positions on Salary Schedule	63
Executive Director's Salary	\$89,878
Net Assets	\$5,451,401
Total Revenue	\$14,781,246
Total Expenditures	\$14,875,482
Total American Recovery and Reinvestment Act Funds Spent	\$0
Amount of Disposed Assets	Not Reported
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of August 2009.	

The Ark-Tex Council of Governments submitted all statutorily required reports; however, the productivity and performance reports and disposed assets report this RPC submitted did not contain all the information required by the Texas Administrative Code. The productivity and performance reports did not contain (1) specific performance measures for certain programs and (2) a comparison of planned to actual performance for certain programs. The disposed assets report did not contain information on (1) the reason for disposing of each asset and (2) the final disposition price.

This RPC received an unqualified opinion⁴ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. However, the audit report for the year ended September 30, 2008, described one significant deficiency in internal controls over compliance with major federal and state award programs related to suspension and debarment of contractors. The RPC corrected this weakness in its financial statements for the year ended September 30, 2009.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were housing and urban development

and aging.

⁴ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Brazos Valley Council of Governments

Brazos Valley Council of Governments	
Location	Bryan, TX
Number of Counties	7
Population	295,805
Number of Positions on Salary Schedule	83
Executive Director's Salary	\$160,014
Net Assets	\$8,656,274
Total Revenue	\$34,346,868
Total Expenditures	\$29,853,784
Total American Recovery and Reinvestment Act Funds Spent	\$1,043,805
Amount of Disposed Assets	Not Reported
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of August 2009.	

The Brazos Valley Council of Governments submitted all statutorily required reports; however, its productivity and performance reports and disposed assets report did not contain all of the information required by the Texas Administrative Code. The productivity and performance reports did not contain (1) a comparison of planned to actual performance, (2) an analysis of progress made toward achieving planned goals and objectives, and (3) specific performance measure information for certain programs. The disposed assets report did not contain information on (1) acquisition date, (2) reason for disposing of each asset, and (3) final disposition price.

This RPC received an unqualified opinion⁵ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. However, the audit report for the year ended September 30, 2008, described one material weakness in internal controls over compliance with major federal and state award programs related to allowable costs and cost principles. The RPC corrected this weakness in its financial statements for the year ended September 30, 2009.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were work force development and housing and urban development.

⁵ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Capital Area Council of Governments

Capital Area Council of Governments	
Location	Austin, TX
Number of Counties	10
Population	1,763,670
Number of Positions on Salary Schedule	62
Executive Director's Salary	\$117,020
Net Assets	\$4,119,046
Total Revenue	\$22,189,688
Total Expenditures	\$21,401,633
Total American Recovery and Reinvestment Act Funds Spent	\$0
Amount of Disposed Assets	Not Reported
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of July 2010.	

The Capital Area Council of Governments submitted all statutorily required reports; however, its productivity and performance reports and disposed assets report did not contain all of the information required by the Texas Administrative Code. The productivity and performance reports did not contain a comparison of planned to actual performance. The disposed assets report did not contain information on (1) acquisition date, (2) purchase price, (3) reason for disposing of each asset, (4) disposition date, and (5) final disposition price.

This RPC received an unqualified opinion⁶ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. The audit reports did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were emergency communications and aging services.

⁶ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Central Texas Council of Governments

Central Texas Council of Governments	
Location	Belton, TX
Number of Counties	7
Population	422,798
Number of Positions on Salary Schedule	120
Executive Director's Salary	\$141,780
Net Assets	\$6,347,497
Total Revenue	\$36,252,734
Total Expenditures	\$35,984,158
Total American Recovery and Reinvestment Act Funds Spent	\$603,796
Amount of Disposed Assets	\$7,000
Sources: Texas County Population Estimates, 2008; audited financial statements as of June 30, 2009; report of disposed assets as of June 30, 2009; and salary schedule as of July 2010.	

The Central Texas Council of Governments submitted all statutorily required reports; however, the productivity and performance reports and salary schedule this RPC submitted did not contain all of the information required by statute and the Texas Administrative Code. The productivity and performance reports did not contain (1) a comparison of planned to actual performance, (2) an analysis of progress made toward achieving planned goals and objectives, and (3) specific performance measure projections for this RPC's programs. The salary schedule did not include enough information to enable auditors to compare it with the salary schedules in the State's Position Classification Plan. As a result, auditors could not verify whether this RPC complied with statutory and Texas Administrative Code requirements.

This RPC received an unqualified opinion⁷ on its financial statements for the fiscal year ended June 30, 2009; however, its auditor identified two material weaknesses in internal controls over compliance with major federal and state award programs. The two material weaknesses related to (1) documentation of program eligibility and (2) compliance with U.S. Department of Housing and Urban Development's requirements for inspections.

The RPC's management agreed with the findings and is taking corrective action.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were housing and urban development and aging.

⁷ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Coastal Bend Council of Governments

Coastal Bend Council of Governments	
Location	Corpus Christi, TX
Number of Counties	12
Population	559,249
Number of Positions on Salary Schedule	25
Executive Director's Salary	\$109,522
Net Assets	\$1,402,536
Total Revenue	\$5,857,820
Total Expenditures	\$6,092,775
Total American Recovery and Reinvestment Act Funds Spent	\$0
Amount of Disposed Assets	\$0
Sources: Texas County Population Estimates, 2008; audited financial statements as of December 31, 2008; report of disposed assets as of December 31, 2009; and salary schedule as of November 2009.	

The Coastal Bend Council of Governments submitted all statutorily required reports; however, the expense and indirect cost computation information and the productivity and performance reports this RPC submitted did not contain all of the information required by the Texas Administrative Code. The expense and indirect cost computation information did not include a comparison of the actual indirect cost allocation with the proposed indirect cost allocation. The productivity and performance reports did not contain (1) a comparison of planned to actual performance, (2) an analysis of progress made toward achieving planned goals and objectives, and (3) specific performance measure projections for this RPCs programs.

This RPC received an unqualified opinion⁸ on its financial statements for the fiscal year ended December 31, 2008. The audit report did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were health and welfare and 9-1-1 emergency communications.

⁸ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Concho Valley Council of Governments

Concho Valley Council of Governments	
Location	San Angelo, TX
Number of Counties	13
Population	150,282
Number of Positions on Salary Schedule	76
Executive Director's Salary	\$89,005
Net Assets	\$64,870
Total Revenue	\$13,909,980
Total Expenditures	\$13,884,973
Total American Recovery and Reinvestment Act Funds Spent	\$95,096
Amount of Disposed Assets	Not Reported
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of October 2009.	

The Concho Valley Council of Governments submitted all statutorily required reports; however, the expense and indirect cost computation information, productivity and performance reports, and disposed assets report this RPC submitted did not contain all of the information required by the Texas Administrative Code. The expense and indirect cost computation information did not include a comparison of the actual indirect cost allocation with the proposed indirect cost allocation. The productivity and performance reports did not contain (1) a comparison of planned to actual performance and (2) an analysis of progress made toward achieving planned goals and objectives. The disposed assets report did not contain the final disposition price for disposed assets.

This RPC received an unqualified opinion⁹ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. The audit reports did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were Head Start and emergency communications.

⁹ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Deep East Texas Council of Governments

Deep East Texas Council of Governments	
Location	Jasper, TX
Number of Counties	12
Population	367,440
Number of Positions on Salary Schedule	154
Executive Director's Salary	\$149,839
Net Assets	\$2,538,034
Total Revenue	\$28,520,571
Total Expenditures	\$29,180,783
Total American Recovery and Reinvestment Act Funds Spent	\$6,038
Amount of Disposed Assets	Not Reported
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of August 2009.	

The Deep East Texas Council of Governments submitted all statutorily required reports; however, the productivity and performance reports, disposed assets report, and salary schedule this RPC submitted did not contain all of the information required by statute and the Texas Administrative Code.

The productivity and performance reports did not contain (1) specific performance measure information for certain programs, (2) a comparison of planned to actual performance for certain programs, (3) an analysis of progress made toward achieving planned goals and objectives for certain programs, and (4) specific performance measure projections for certain programs. The disposed assets report did not contain information on (1) acquisition date, (2) reason for disposing of each asset, (3) disposition date, and (4) final disposition price. The salary schedule did not include enough information to enable auditors to compare it with the salary schedules in the State's Position Classification Plan. As a result, auditors could not verify whether this RPC complied with statutory and Texas Administrative Code requirements.

This RPC received an unqualified opinion¹⁰ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. The audit reports did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were its regional housing authority and disaster recovery.

¹⁰ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Chapter 1-I
East Texas Council of Governments

East Texas Council of Governments	
Location	Kilgore, TX
Number of Counties	14
Population	805,746
Number of Positions on Salary Schedule	86
Executive Director's Salary	\$96,237
Net Assets	\$5,318,881
Total Revenue	\$43,474,308
Total Expenditures	\$43,021,690
Total American Recovery and Reinvestment Act Funds Spent	\$3,367,146
Amount of Disposed Assets	\$0
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of October 2009.	

The East Texas Council of Governments submitted all statutorily required reports; however, the expense and indirect cost computation information and productivity and performance reports this RPC submitted did not contain all of the information required by the Texas Administrative Code. The expense and indirect cost computation information did not contain a comparison of the actual indirect cost allocation with the proposed indirect cost allocation. The productivity and performance reports did not contain (1) a comparison of planned to actual performance and (2) an analysis of progress made toward achieving planned goals and objectives.

This RPC received an unqualified opinion¹¹ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. The audit reports did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were work force development and aging.

¹¹ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Golden Crescent Regional Planning Commission

Golden Crescent Regional Planning Commission	
Location	Victoria, TX
Number of Counties	7
Population	185,862
Number of Positions on Salary Schedule	34
Executive Director's Salary	\$101,575
Net Assets	\$1,667,609
Total Revenue	\$8,326,230
Total Expenditures	\$8,017,874
Total American Recovery and Reinvestment Act Funds Spent	\$0
Amount of Disposed Assets	\$0
Sources: Texas County Population Estimates, 2008; audited financial statements as of August 31, 2009; report of disposed assets as of August 31, 2009; and salary schedule as of September 2009.	

The Golden Crescent Regional Planning Commission submitted all statutorily required reports; however, the expense and indirect cost computation information, productivity and performance reports, and disposed assets report this RPC submitted did not contain all of the information required by statute and the Texas Administrative Code. The expense and indirect cost computation information did not contain (1) an explanation of the method this RPC used to compute indirect cost and (2) a comparison of the actual indirect cost allocation with the proposed indirect cost allocation. The productivity and performance reports did not contain a comparison of planned to actual performance. The disposed assets report did not contain the disposition date of each asset.

This RPC received an unqualified opinion¹² on its financial statements for the fiscal year ended August 31, 2009; however, its auditor identified a significant deficiency in internal controls over financial reporting. The significant deficiency, which was an unresolved issue from the prior year, related to a lack of segregation of duties due to the limited size of this RPC's staff. The RPC's management agreed with the finding.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were health and welfare and public safety.

¹² An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Heart of Texas Council of Governments

Heart of Texas Council of Governments	
Location	Waco, TX
Number of Counties	6
Population	341,625
Number of Positions on Salary Schedule	29
Executive Director's Salary Range	\$74,118 - \$112,294
Net Assets	\$694,156
Total Revenue	\$6,911,163
Total Expenditures	\$6,908,850
Total American Recovery and Reinvestment Act Funds Spent	\$8,385
Amount of Disposed Assets	No Assets Disposed
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of October 2009.	

The Heart of Texas Council of Governments submitted all statutorily required reports; however, the productivity and performance reports this RPC submitted did not contain all of the information required by the Texas Administrative Code. The productivity and performance reports did not contain (1) a comparison of planned to actual performance, (2) an analysis of progress made toward achieving planned goals and objectives for any programs, (3) specific performance measure information for certain programs, and (4) specific performance measure projections for certain programs.

This RPC received an unqualified opinion¹³ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. The audit reports did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were aging and transportation.

¹³ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Houston-Galveston Area Council of Governments

The Houston-Galveston Area Council of Governments submitted all statutorily required reports; however, the expense and indirect cost computation information and the productivity and performance reports this RPC submitted did not contain all of the information required by the Texas Administrative Code. The expense and indirect cost computation information did not include a comparison of the actual indirect cost allocation with the proposed indirect cost allocation. The productivity and performance reports did not contain (1) a comparison of planned to actual performance and (2) an analysis of progress made toward achieving planned goals and objectives.

This RPC received an unqualified opinion¹⁴ on its financial statements for the fiscal year ended December 31, 2008. The audit report did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were work force programs and transportation.

Houston-Galveston Area Council of Governments	
Location	Houston, TX
Number of Counties	13
Population	5,866,263
Number of Positions on Salary Schedule	Exempt from Reporting
Executive Director's Salary	Exempt from Reporting
Net Assets	\$9,579,611
Total Revenue	\$258,254,901
Total Expenditures	\$257,790,373
Total American Recovery and Reinvestment Act Funds Spent	\$0
Amount of Disposed Assets	No Assets Disposed
Sources: Texas County Population Estimates, 2008; audited financial statements as of December 31, 2008; report of disposed assets as of December 31, 2008; and salary schedule as of January 2010.	
Texas Local Government Code, Section 391.0117(f), exempts an RPC from the requirement to submit a salary schedule if the most populous county that is a member of the RPC has an actual average weekly wage that exceeds the state actual average weekly wage by 20 percent or more for the previous year as determined by the Texas Workforce Commission in its <i>County Employment and Wage Information Report</i> .	

¹⁴ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Lower Rio Grande Valley Development Council

Lower Rio Grande Valley Development Council	
Location	McAllen, TX
Number of Counties	3
Population	1,139,940
Number of Positions on Salary Schedule	123
Executive Director's Salary	\$139,781
Net Assets	\$2,682,064
Total Revenue	\$16,333,946
Total Expenditures	\$16,101,523
Total American Recovery and Reinvestment Act Funds Spent	\$0
Amount of Disposed Assets	Not Reported
Sources: Texas County Population Estimates, 2008; audited financial statements as of December 31, 2008; report of disposed assets as of December 31, 2009; and salary schedule as of September 2009.	

The Lower Rio Grande Valley Development Council submitted all statutorily required reports; however, the expense and indirect cost computation information, productivity and performance reports, and disposed assets report this RPC submitted did not contain all of the information required by the Texas Administrative Code. The expense and indirect cost computation information did not contain a comparison of actual indirect cost allocation with the proposed indirect cost allocation. The productivity and performance reports did not contain (1) a comparison of planned to actual performance for certain programs and (2) an analysis of progress made toward achieving planned goals and objectives for some of the RPC's programs. The disposed assets report did not contain information on the final disposition price of each asset.

This RPC received an unqualified opinion¹⁵ on its financial statements for the fiscal year ended December 31, 2008. The audit report did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were aging and disability services and state emergency communications.

¹⁵ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Middle Rio Grande Development Council

Middle Rio Grande Development Council	
Location	Carrizo Springs, TX
Number of Counties	9
Population	162,150
Number of Positions on Salary Schedule	84
Executive Director's Salary	Not Reported
Net Assets	\$3,518,726
Total Revenue	\$14,853,597
Total Expenditures	\$14,770,158
Total American Recovery and Reinvestment Act Funds Spent	\$865,398
Amount of Disposed Assets	Not Reported
Sources: Texas County Population Estimates, 2008; audited financial statements as of August 31, 2009; report of disposed assets as of August 31, 2009; and salary schedule as of August 2009.	

The Middle Rio Grande Development Council submitted all statutorily required reports; however, the expense and indirect cost computation information, productivity and performance reports, disposed assets report, and salary schedule this RPC submitted did not contain all the information required by statute and the Texas Administrative Code.

The expense and indirect cost computation information did not include a comparison of the actual indirect cost allocation with the proposed indirect cost allocation. The productivity and performance reports did not contain (1) specific performance measure projections for any of this RPC's programs, (2) specific performance measure results for certain programs, and (3) analysis of progress made toward achieving planned goals and objectives for certain programs. The disposed assets report did not contain (1) the acquisition date, (2) the reason for disposing of each asset, and (3) the final disposition price. The salary schedule did not include enough information to enable auditors to compare it with the salary schedules in the State's Position Classification Plan. As a result, auditors could not verify whether this RPC complied with statutory and Texas Administrative Code requirements.

This RPC received an unqualified opinion¹⁶ on its financial statements for the fiscal year ended August 31, 2009. The audit report did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were economic opportunity and health and welfare.

¹⁶ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Nortex Regional Planning Commission

The Nortex Regional Planning Commission submitted all statutorily required reports; however, the productivity and performance reports this RPC submitted did not contain all of the information required by the Texas Administrative Code. The productivity and performance reports did not include (1) a comparison of planned to actual performance and (2) specific performance measure projections for this RPC's programs.

This RPC received an unqualified opinion¹⁷ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. The audit reports did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were aging and emergency communications.

Nortex Regional Planning Commission	
Location	Wichita Falls, TX
Number of Counties	11
Population	217,897
Number of Positions on Salary Schedule	30
Executive Director's Salary	\$96,052
Net Assets	\$304,883
Total Revenue	\$3,719,980
Total Expenditures	\$3,675,322
Total American Recovery and Reinvestment Act Funds Spent	\$943,860
Amount of Disposed Assets	No Assets Disposed
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of October 2009.	

¹⁷ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

North Central Texas Council of Governments

The North Central Texas Council of Governments submitted all statutorily required reports; however, the productivity and performance reports this RPC submitted did not contain all of the information required by the Texas Administrative Code. The productivity and performance reports did not contain (1) a comparison of planned to actual performance and (2) specific performance measure projections for certain programs.

This RPC received an unqualified opinion¹⁸ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. The audit reports did not contain any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were transportation and work force development.

North Central Texas Council of Governments

Location	Arlington, TX
Number of Counties	16
Population	6,465,875
Number of Positions on Salary Schedule	Exempt from Reporting
Executive Director's Salary	Exempt from Reporting
Net Assets	\$44,121,021
Total Revenue	\$143,837,284
Total Expenditures	\$159,614,334
Total American Recovery and Reinvestment Act Funds Spent	\$3,765,960
Amount of Disposed Assets	\$252

Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; and report of disposed assets as of September 30, 2009.

Texas Local Government Code, Section 391.0117(f), exempts an RPC from the requirement to submit a salary schedule if the most populous county that is a member of the RPC has an actual average weekly wage that exceeds the state actual average weekly wage by 20 percent or more for the previous year as determined by the Texas Workforce Commission in its *County Employment and Wage Information Report*.

¹⁸ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Panhandle Regional Planning Commission**Panhandle Regional Planning Commission**

Location	Amarillo, TX
Number of Counties	26
Population	413,019
Number of Positions on Salary Schedule	54
Executive Director's Salary	\$115,902
Net Assets	\$6,476,237
Total Revenue	\$25,106,263
Total Expenditures	\$24,287,151
Total American Recovery and Reinvestment Act Funds Spent	\$1,292,217
Amount of Disposed Assets	\$5,655

Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of October 2009.

The Panhandle Regional Planning Commission submitted all statutorily required reports, and the specific information in those reports met statutory requirements and supplemental requirements in the Texas Administrative Code.

This RPC received an unqualified opinion¹⁹ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. The audit reports did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were work force development and aging services.

¹⁹ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Permian Basin Regional Planning Commission

Permian Basin Regional Planning Commission	
Location	Midland, TX
Number of Counties	17
Population	395,433
Number of Positions on Salary Schedule	76
Executive Director's Salary	Not Reported
Net Assets	\$3,774,060
Total Revenue	\$10,902,944
Total Expenditures	\$9,608,574
Total American Recovery and Reinvestment Act Funds Spent	\$1,373,239
Amount of Disposed Assets	No Assets Disposed
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of October 2009.	

The Permian Basin Regional Planning Commission submitted all statutorily required reports; however, the salary schedule it submitted did not contain all of the information required by statute and the Texas Administrative Code. The salary schedule did not specify the salaries for positions exempt from the classification schedule.

This RPC received an unqualified opinion²⁰ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. However, the audit report for the year ended September 30, 2008, described one material weakness in internal controls over financial reporting in the financial statements related to the failure to properly report accounts payable. The RPC corrected this weakness in its financial statements for the year ended September 30, 2009.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were work force development and aging.

²⁰ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Rio Grande Council of Governments

Rio Grande Council of Governments	
Location	El Paso, TX
Number of Counties	6
Population	766,703
Number of Positions on Salary Schedule	42
Executive Director's Salary	\$89,095
Net Assets	\$839,431
Total Revenue	\$7,407,172
Total Expenditures	\$7,070,875
Total American Recovery and Reinvestment Act Funds Spent	\$0
Amount of Disposed Assets	Not Reported
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of October 2009.	

The Rio Grande Council of Governments submitted all statutorily required reports; however, the expense and indirect cost computation information, productivity and performance reports, and disposed assets report this RPC submitted did not contain all of the information required by the Texas Administrative Code. The expense and indirect cost computation information did not include a comparison of the actual indirect cost allocation with the proposed indirect cost allocation for the fiscal year ended September 30, 2008. The RPC submitted a comparison of the actual indirect cost allocation with the proposed indirect cost allocation for the fiscal year ended September 30, 2009. The productivity and performance reports did not include a comparison of planned to actual performance. The disposed assets report did not include (1) acquisition date, (2) reason for disposing of each asset, (3) disposition date, and (4) final disposition price.

This RPC received an unqualified opinion²¹ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. The audit reports did not contain any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were aging and emergency communications.

²¹ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

South East Texas Regional Planning Commission

South East Texas Regional Planning Commission	
Location	Beaumont, TX
Number of Counties	3
Population	378,255
Number of Positions on Salary Schedule	85
Executive Director's Salary Range	\$115,000 - \$126,500
Net Assets	\$4,061,135
Total Revenue	\$42,809,982
Total Expenditures	\$42,103,495
Total American Recovery and Reinvestment Act Funds Spent	\$3,484
Amount of Disposed Assets	\$0
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of October 2009.	

The South East Texas Regional Planning Commission submitted all statutorily required reports; however, the salary schedule this RPC submitted did not fully comply with statute and the Texas Administrative Code. The salary schedule contained a position whose salary exceeded the salary schedule for a corresponding position in the State's Position Classification Plan.

This RPC received an unqualified opinion²² on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. The audit reports did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were community development and community services.

²² An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

South Plains Association of Governments

South Plains Association of Governments	
Location	Lubbock, TX
Number of Counties	15
Population	391,453
Number of Positions on Salary Schedule	39.5
Executive Director's Salary	Not Reported
Net Assets	\$5,424,097
Total Revenue	\$5,466,541
Total Expenditures	\$5,119,942
Total American Recovery and Reinvestment Act Funds Spent	\$43,136
Amount of Disposed Assets	No Assets Disposed
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of October 2009.	

The South Plains Association of Governments submitted all statutorily required reports; however, the expense and indirect cost computation information, productivity and performance reports, and salary schedule this RPC submitted did not contain all of the information required by statute and/or the Texas Administrative Code. The expense and indirect cost computation information did not include a comparison of the actual indirect cost allocation with the proposed indirect cost allocation as required by the Texas Administrative Code. The productivity and performance reports did not include (1) an analysis of progress made toward achieving planned goals, (2) specific performance measure information for certain programs, (3) a comparison of planned to actual performance for certain programs, and (4) specific performance measure projections for certain programs. The salary schedule did not specify the salaries for positions exempt from the classification schedule as required by statute and the Texas Administrative Code.

This RPC received an unqualified opinion²³ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. The audit reports did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were aging and emergency communications.

²³ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

South Texas Development Council

South Texas Development Council	
Location	Laredo, TX
Number of Counties	4
Population	318,053
Number of Positions on Salary Schedule	31
Executive Director's Salary	\$147,420
Net Assets	\$1,059,237
Total Revenue	\$8,264,854
Total Expenditures	\$8,417,026
Total American Recovery and Reinvestment Act Funds Spent	\$8,869
Amount of Disposed Assets	No Assets Disposed
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of October 2009.	

The South Texas Development Council submitted all statutorily required reports; however, the productivity and performance reports this RPC submitted did not contain all of the information required by the Texas Administrative Code. Its productivity and performance reports did not contain (1) an analysis of progress made toward achieving planned goals, (2) a comparison of planned to actual performance for certain programs, and (3) specific performance measure projections for certain programs.

This RPC received an unqualified opinion²⁴ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. The audit reports did not contain any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were HIV intervention and prevention and aging services.

²⁴ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Texoma Council of Governments

Texoma Council of Governments	
Location	Sherman, TX
Number of Counties	3
Population	190,440
Number of Positions on Salary Schedule	86
Executive Director's Salary	\$86,700
Net Assets	\$1,910,810
Total Revenue	\$10,691,996
Total Expenditures	\$10,868,374
Total American Recovery and Reinvestment Act Funds Spent	\$0
Amount of Disposed Assets	Not Reported
Sources: Texas County Population Estimates, 2008; audited financial statements as of April 30, 2009; report of disposed assets as of April 30, 2009; and salary schedule as of February 2010.	

The Texoma Council of Governments submitted all statutorily required reports; however, the productivity and performance reports and disposed assets report this RPC submitted did not contain all of the information required by the Texas Administrative Code. Its productivity and performance reports did not include an analysis of progress made toward achieving planned goals. The disposed assets report did not contain information on (1) purchase price, (2) disposition date, and (3) final disposition price.

This RPC received an unqualified opinion²⁵ on its financial statements for the fiscal years ended April 30, 2009; however, its auditor identified one material weakness and two significant deficiencies in internal controls over financial reporting. The material weakness, which was an unresolved issue from the prior year, related to the design of the RPC's general ledger not matching the format the RPC used for financial statement reporting. The two significant deficiencies related to limited segregation of duties in the accounting system and the RPC not preparing its financial statements or controlling the year-end reporting process. The RPC's management agreed with the findings and is taking corrective action.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were housing and client services and community and economic development.

²⁵ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

West Central Texas Council of Governments

West Central Texas Council of Governments	
Location	Abilene, TX
Number of Counties	19
Population	317,527
Number of Positions on Salary Schedule	113
Executive Director's Salary	\$96,410
Net Assets	\$1,271,327
Total Revenue	\$13,421,296
Total Expenditures	\$13,791,157
Total American Recovery and Reinvestment Act Funds Spent	\$40,040
Amount of Disposed Assets	\$0
Sources: Texas County Population Estimates, 2008; audited financial statements as of September 30, 2009; report of disposed assets as of September 30, 2009; and salary schedule as of October 2009.	

The West Central Texas Council of Governments submitted all statutorily required reports; however, the expense and indirect cost computation information this RPC submitted did not contain all of the information required by statute and the Texas Administrative Code. The expense and indirect cost computation information did not include (1) an explanation of the method this RPC used to compute indirect cost and (2) a comparison of the actual indirect cost allocation with the proposed indirect cost allocation.

This RPC received an unqualified opinion²⁶ on its financial statements for the fiscal years ended September 30, 2008, and September 30, 2009. The audit reports did not include any findings.

According to this RPC's most recent audited financial statements, the two programs for which this RPC spent the largest amounts of funds were its employer of record services and aging services.

²⁶ An unqualified opinion indicates that the financial statements were presented fairly in all material respects.

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this review were to:

- Determine whether regional planning commissions (RPCs) have submitted reports, audits, and salary schedules to the State Auditor as required under Texas Local Government Code, Section 391.0095 and Section 391.0117, and report any failure to comply with the reporting requirements to the Office of the Governor.
- Review reports and audits, including any working papers and other supporting documentation, as deemed necessary.

Scope

The scope of this review covered reports due to the State Auditor's Office between June 1, 2009, and June 30, 2010.

Methodology

The review methodology included determining whether the 24 RPCs recognized by the Office of the Governor submitted statutorily required information due to the State Auditor's Office between June 1, 2009, and June 30, 2010. Auditors did not verify the accuracy of that information. Auditors also compiled information the RPCs submitted, such as the results of financial statement audits and productivity and performance reports.

Information collected and reviewed included the following:

- Audited financial statements.
- Salary schedules.
- Disposed assets reports.
- Productivity and performance reports.

Procedures and tests conducted included the following:

- Verifying whether RPCs submitted information required by statute and the Texas Administrative Code that was due between June 1, 2009, and June 30, 2010.

- Determining whether the information that RPCs submitted included all of the information required by statute and the Texas Administrative Code.
- Compiling certain information the RPCs submitted, such as audited financial statements and productivity and performance reports.

Criteria used included the following:

- Texas Local Government Code, Chapter 391.
- Title 1, Texas Administrative Code, Sections 3.9410, 3.9420, and 3.9430.

Project Information

Review fieldwork was conducted from July 2010 through August 2010. This project was a review; therefore, the information in this report was not subjected to all the tests and confirmations that would be performed in an audit. However, the information in this report was subject to certain quality control procedures to help ensure accuracy. The following members of the State Auditor's staff performed the review:

- Jenay Oliphant (Project Manager)
- Anna Howe
- J. Scott Killingsworth, CIA, CGAP, CGFM (Quality Control Reviewer)
- Lisa R. Collier, CPA (Assistant State Auditor)

Texas Administrative Code Requirements for Regional Planning Commissions

The following excerpts from Title 1, Texas Administrative Code, Chapter 3, set forth the information that regional planning commissions (also referred to as councils of governments or COGS) are required to submit.

Section 3.9410 - Financial Audit Requirements

(a) Not later than nine months after the close of each COG's fiscal year, each COG shall submit a completed financial audit prepared by a certified public accountant, 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 and the provisions of OMB Circular A-133 and the State Single Audit Circular, when applicable, to CJD²⁷, the State Auditor, the Comptroller of Public Accounts, and the Legislative Budget Board, and shall make the financial audit available to each member of the Legislature.

(c) The annual financial audit shall include the following:

- (1) the amount and source of funds received by the COG;
- (2) the amount and source of funds expended by the COG;
- (3) an explanation of any method used by the COG to compute an expense of the COG, including computation of any indirect costs of the COG; and
- (4) a statement of indirect costs which compares actual indirect cost allocations with the proposed indirect cost allocation plan used to establish an indirect cost rate.

(d) Audit costs are allowable costs as identified in UGMS²⁸ and are allocable to the various programs administered by a COG.

(e) The annual financial audit shall be paid for from the funds of the COG.

Section 3.9420 - Salary Schedules

(a) For each fiscal year, each COG shall publish a salary schedule containing a classification salary schedule for classified positions, and identifying and specifying the salaries for positions exempt from the classification salary schedule.

(b) The salary schedule adopted by the COG may not exceed, for classified positions, the state salary schedule for classified positions as prescribed by the

²⁷ CJD stands for the Criminal Justice Division of the Office of the Governor or its designee.

²⁸ UGMS stands for the Uniform Grant Management Standards, promulgated by the Office of the Governor.

general appropriations act adopted by the most recent legislature. A COG may adopt a salary schedule that is equal to or less than the state salary schedule.

(c) A position may only be exempted from the classification salary schedule adopted by the COG if the exemption and the salary paid for the exempt position is within the range prescribed by the general appropriations act.

(d) Wage and salary comparability will be determined from the state position classification plan, positions exempt from the state position classification plan, the State Auditor's biennial reports on state classification and pay, and the State Auditor's reports on benefits as a percentage of salary, as well as the U.S. Department of Labor's Employment Cost index and other appropriate sources, including documentation provided by the COG.

(e) Not later than the 45th day before the date of the beginning of each COG's fiscal year, each COG shall submit its salary schedule, as approved by its governing body, including the salaries of all exempt positions, to the State Auditor and shall make its salary schedule available to each member of the Legislature.

(f) If the State Auditor, subject to the Legislative Audit Committee's approval for inclusion in the audit plan under §321.013, Government Code, has recommendations to improve a COG's salary schedule or a portion thereof, the State Auditor shall report the recommendations to CJD.

(g) CJD may not allow the portion of the schedule for which the State Auditor has recommendations to go into effect until revisions or explanations are received from a COG that are satisfactory to CJD and support the recommendations from the State Auditor.

(h) This section does not apply to a COG if the most populous county that is a member of the COG has an actual average weekly wage that exceeds the state actual average weekly wage by 20% or more for the previous year as determined by the Texas Workforce Commission in its County Employment and Wage Information Report.

(1) A COG exempted from the salary provisions by this subsection shall annually file an exemption notice with the State Auditor.

(2) The exemption notice shall contain supporting information from the Texas Work Force Commission's County Employment and Wage Information Report for the applicable period.

Section 3.9430 - Reports

Not later than the last business day of the month of December of each year, each COG shall submit the following to CJD, the State Auditor, the Comptroller of Public Accounts, and the Legislative Budget Board, in a format prescribed by CJD:

(1) a report of the COG's productivity and performance during the most recently completed fiscal year, which shall include:

(A) the outcomes of the program's activities at the most detailed level reported to each sponsoring agency, including:

(i) any program output measures the COG is required to report to an entity sponsoring the program; and

(ii) any outcome measures the COG is required to report to an entity sponsoring the program;

(B) a comparison of planned performance and actual results; and

(C) an analysis of progress made toward achieving planned goals and objectives;

(2) a projection of the COG's productivity and performance during the next fiscal year based upon the COG's specified goals, objectives, and performance measures for the next fiscal year;

(3) a report of any assets disposed of by the COG, which shall include the following:

(A) an itemized list describing each disposed asset;

(B) the acquisition date of each disposed asset;

(C) the purchase price of each disposed asset;

(D) the reason for disposing of each asset;

(E) the disposition date of each disposed asset; and

(F) the final disposition price for each disposed asset;

(4) a complete annual financial statement, which shall include a list of receipts and expenditures by accounts.

Financial and Population Information Regarding Regional Planning Commissions

Regional planning commissions (RPCs) provide services to areas ranging from 26 counties (the Panhandle Regional Planning Commission) to 3 counties (the Lower Rio Grande Valley Development Council, the South East Texas Regional Planning Commission, and the Texoma Council of Governments). The North Central Texas Council of Governments serves the most citizens (6,465,875 citizens), while the Concho Valley Council of Governments serves the fewest citizens (150,282 citizens).

Table 2 shows each RPC's total revenue from all sources, total expenditures, total American Recovery and Reinvestment Act (ARRA) expenditures, and population.

Table 2

Financial and Population Information Regarding Regional Planning Commissions					
Regional Planning Commission	Fiscal Year End	Total Revenue from All Sources	Total Expenditures	ARRA Funds Expended	Population
Alamo Area Council of Governments	December 31, 2008	\$ 36,831,037	\$ 34,133,478	\$ 0	2,134,710
Ark-Tex Council of Governments	September 30, 2009	14,781,246	14,875,482	0	276,779
Brazos Valley Council of Governments	September 30, 2009	34,346,868	29,853,784	1,043,805	295,805
Capital Area Council of Governments	September 30, 2009	22,189,688	21,401,633	0	1,763,670
Central Texas Council of Governments	June 30, 2009	36,252,734	35,984,158	603,796	422,798
Coastal Bend Council of Governments	December 31, 2008	5,857,820	6,092,775	0	559,249
Concho Valley Council of Governments	September 30, 2009	13,909,980	13,884,973	95,096	150,282
Deep East Texas Council of Governments	September 30, 2009	28,520,571	29,180,783	6,038	367,440
East Texas Council of Governments	September 30, 2009	43,474,308	43,021,690	3,367,146	805,746
Golden Crescent Regional Planning Commission	August 31, 2009	8,326,230	8,017,874	0	185,862
Heart of Texas Council of Governments	September 30, 2009	6,911,163	6,908,850	8,385	341,625
Houston-Galveston Area Council of Governments	December 31, 2008	258,254,901	257,790,373	0	5,866,263
Lower Rio Grande Valley Development Council	December 31, 2008	16,333,946	16,101,523	0	1,139,940
Middle Rio Grande Development Council	August 31, 2009	14,853,597	14,770,158	865,398	162,150

Financial and Population Information Regarding Regional Planning Commissions					
Regional Planning Commission	Fiscal Year End	Total Revenue from All Sources	Total Expenditures	ARRA Funds Expended	Population
Nortex Regional Planning Commission	September 30, 2009	3,719,980	3,675,322	943,860	217,897
North Central Texas Council of Governments	September 30, 2009	143,837,284	159,614,334	3,765,960	6,465,875
Panhandle Regional Planning Commission	September 30, 2009	25,106,263	24,287,151	1,292,217	413,019
Permian Basin Regional Planning Commission	September 30, 2009	10,902,944	9,608,574	1,373,239	395,433
Rio Grande Council of Governments	September 30, 2009	7,407,172	7,070,875	0	766,703
South East Texas Regional Planning Commission	September 30, 2009	42,809,982	42,103,495	3,484	378,255
South Plains Association of Governments	September 30, 2009	5,466,541	5,119,942	43,136	391,453
South Texas Development Council	September 30, 2009	8,264,854	8,417,026	8,869	318,053
Texoma Council of Governments	April 30, 2009	10,691,996	10,868,374	0	190,440
West Central Texas Council of Governments	September 30, 2009	13,421,296	13,791,157	40,040	317,527
Totals		\$812,472,401	\$816,573,784	\$13,460,469	24,326,974

Sources: Texas County Population Estimates, 2008; and most recent audited financial statements submitted by the RPCs.

Information Regarding Regional Planning Commissions' Major Programs

This appendix presents general descriptions of some of the major programs that regional planning commissions (RPCs) provide. Auditors used various reports that RPCs provided to compile these descriptions.

Area Agency on Aging Program (categorized as Health and Welfare for some RPCs)

This program provides various services for persons who are 60 years of age or older. Services typically include transportation, meals, and benefits counseling.

Disaster Recovery Programs

These programs provide services to citizens in the aftermath of a natural disaster. Services include housing and weatherization repairs, with a focus on senior citizens, the handicapped, and special needs populations.

Emergency Communications 9-1-1 and Public Safety Programs

These programs include maintaining, testing, and enhancing 9-1-1 systems throughout each RPC's respective region.

Head Start Program

This program provides services to children and families, including preparing children for kindergarten and encouraging parental involvement in their children's activities.

Health and Welfare Programs

Expenditures for health and welfare programs typically relate to other RPC programs. For example, for the Alamo Area Council of Governments, health and welfare program expenditures related to the Bexar Mental Retardation Authority, which provides services such as employment assistance and specialized therapies to eligible children and adults with intellectual and developmental disabilities.

HIV Intervention and Prevention Program

This program provides a variety of services and opportunities for people and families affected by HIV/AIDS.

Housing and Urban Development, Community Services/Affordable Housing, and Health and Human Services Programs

These programs provide services, including rental assistance, to help low income residents to obtain decent, safe, and sanitary housing. These programs

also may assist low-income residents by providing repairs to increase energy efficiency and energy star appliances.

Transportation Program

This program provides services such as non-emergency transportation for eligible clients such as senior citizens, and it promotes ideas that balance transportation needs with land use and environmental issues.

Work Force Development, Economic Opportunity, and Employer of Record Programs

These programs typically provide services such as (1) job placement assistance, (2) training, and (3) subsidized or free child care to qualified workers. Other services may include assistance to employers in locating and hiring qualified employees and providing payroll services.

Related State Auditor's Office Work

Related SAO Work		
Number	Product Name	Release Date
10-038	An Audit Report on the East Texas Council of Governments' Procurement of Services for Selected Programs	August 2010
10-002	A Review of Reports Submitted by Regional Planning Commissions	September 2009

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Board Chairs and Executive Directors of the Following Regional Planning Commissions

Alamo Area Council of Governments
Ark-Tex Council of Governments
Brazos Valley Council of Governments
Capital Area Council of Governments
Central Texas Council of Governments
Coastal Bend Council of Governments
Concho Valley Council of Governments
Deep East Texas Council of Governments
East Texas Council of Governments
Golden Crescent Regional Planning Commission
Heart of Texas Council of Governments
Houston-Galveston Area Council of Governments
Lower Rio Grande Valley Development Council
Middle Rio Grande Development Council
Nortex Regional Planning Commission
North Central Texas Council of Governments
Panhandle Regional Planning Commission
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South East Texas Regional Planning Commission
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