October 3, 2001

Members of the Legislative Audit Committee:

To continue helping public community colleges receive high-quality financial statement opinion audits, we have updated our Financial Statement Opinion Audit Guide for Texas Public Community Colleges (Guide). High-quality opinion audits are important because they help ensure that the financial statements fairly and accurately present the college’s financial position and results of college operations as of a given date. The updated version of the Guide reflects current statutes and an updated list of reference materials; the online version also includes links to useful references.

We have also updated the related pamphlet for board members, Is Your College Getting a High-Quality Financial Opinion Audit? (A copy of the pamphlet is enclosed.) We are distributing the updated pamphlet to all community college board members. This distribution will ensure that this important information reaches board members appointed after the original March 1999 release of this document.

The Guide helps improve the quality of financial statement opinion audits by describing the general audit process, the procurement of external audit services, and the responsibilities of each participant in the process. The pamphlet provides the community college board members with a summary of the Guide and outlines their roles in ensuring high-quality opinion audits.

We will let the community colleges know that they may access the updated Guide online at www.sao.state.tx.us/resources/manuals_and_guide or request a hard copy by calling (512) 936-9880. The updated pamphlet is available in hard copy only.

If you have any questions, please contact Carol Noble, Audit Manager, at (512) 936-9500.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

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Enclosure – Pamphlet 02-300

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Why Update the Guide?

The Annual Financial Reporting Requirements for Texas Public Community Colleges, published by the Texas Higher Education Coordinating Board, requires annual financial statements to be audited.

Article III-49, Item 26(b) of the General Appropriations Act, 75th Legislature, required the State Auditor’s Office to develop a guide explaining the independent audit process and what each community college governing board should expect from its auditor.

Due to its continued usefulness (online usage statistics confirm the Guide is still being used more than one year after its initial publication), we have updated the Guide to reflect current statutory and regulatory standards.