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To the Board of Directors
Fort Bend Grand Parkway Toll Road Authority
Fort Bend County, Texas

In planning and performing our audit of the financial statements of the Fort Bend Grand Parkway Toll Road Authority (the “Authority”) as of and for the year ended September 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the Authority’s internal control to be a material weakness:

Finding# 2013-1:

Annual Financial Report, Financial Record Keeping and Adjustments

The Authority relies on the Fort Bend County Auditor’s Office (the “County Auditor’s Office”) to prepare the annual financial report and perform accounting services on behalf of the Authority. Year-end accounting records are provided directly by the County Auditor’s Office to the independent auditor, and from time to time, the independent auditor recommends adjustments to these records. The Authority relies upon its independent auditor to audit the information provided by the County Auditor’s Office. The Authority does not have specific controls in place to separately review the accuracy of the information before it is provided to the independent auditor. Although it is common within the government sector as a whole, and most private companies to rely on their audit firm for these services, an audit firm cannot be considered part of its client’s internal control by professional standards currently in effect. Since some adjustments and calculations made by the County Auditor’s Office and the independent auditor may be material to the financial statements, this weakness in internal control would be classified as material.

Recommendation

The Authority should continue to read its annual financial report and supporting data, including information prepared by the auditor, to ensure the quality of both the document and the preparer. No changes in operation are recommended.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

This communication is intended solely for the information and use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

DRAFT

Sugar Land, Texas
February 7, 2014