

Rhonda L. Gillum

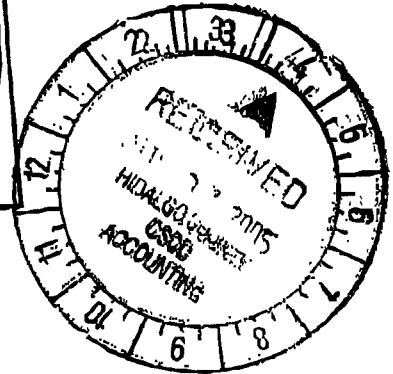
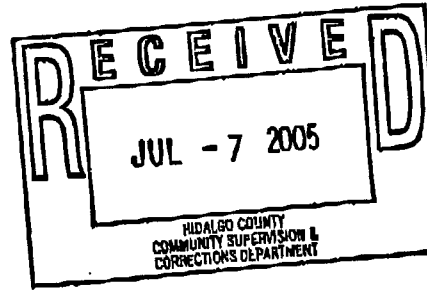
Certified Public Accountant

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July 5, 2005

Mr. Joe Lopez, Director
Hidalgo County Community
Supervision & Corrections Dept.
918 E. Highway 83
McAllen, TX 78504



I am pleased to confirm my understanding of the services I am to provide Hidalgo County Community Supervision and Corrections Department (HCCSC) for the year ended August 31, 2005. I will audit the financial statements of HCCSC as of and for the year ended August 31, 2005. I understand that the financial statements will be presented in accordance with the financial reporting model in effect prior to that described in GASB Statement No. 34. If there are major modifications in the reporting standards prescribed by the Texas Department of Criminal Justice—Community Justice Assistance Division (TDCJ—CJAD) there may be a need to modify the fee.

Audit Objectives

The objective of my audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and TDCJ—CJAD reporting requirements and to report on the fairness of the additional information presented with the financial statements. My audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards, (the Yellow Book) issued by the comptroller General of the United States, and will include tests of the accounting records of HCCSC and other procedures I consider necessary to enable me to express such an opinion. If my opinion on the financial statements is other than unqualified, I will fully discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or am unable to form or have not formed an opinion, I may decline to express an opinion or to issue a report as a result of this engagement.

I will also provide reports (that do not include opinions) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards.

Management Responsibilities

Management is responsible for establishing and maintaining internal control and for compliance with laws, regulations, contracts, and agreements. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls.

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statements are free of material misstatement, I will perform tests of HCCSC's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of my audit will not be to provide an opinion on overall compliance and I will not express such an opinion.

Audit Procedures-Internal Control

In planning and performing my audit, I will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of my auditing procedures for the purpose of expressing my opinion on HCCSC's financial statements.

I will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and I will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that I consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. These tests will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed.

Audit Administration, Fees and Other

I understand that your employees will type all cash or other confirmations I request and will locate any invoices selected by me for testing. I desire to begin my audit in early December to allow me to issue my report prior to the March 31, 2006 deadline. If unexpected circumstances arise that threaten to delay the targeted issuance date of the audit report, this will be communicated to you in advance so an extension can be requested from the Texas Department of Criminal Justice.

The work papers for this engagement are the property Rhonda L. Gillum and constitute confidential information. Also, TDCJ staff and/or State Auditor staff will be granted reasonable access to the working papers upon written request. They may also be provided photocopies of certain requested work papers. They may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies. These work papers will be maintained for a minimum three years from the date of the audit report.

Governmental Auditing Standards require that I provide you with a copy of my most recent quality control review report. The quality review report issued in 2004 accompanies this letter.

My invoices for these fees may be rendered each month as work progresses or may be submitted as fieldwork and the report are completed. These invoices are payable on presentation. In accordance with firm policies, work may be suspended if your account becomes 30 days or more

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overdue and may not be resumed until your account is paid in full. My fees for these services will be \$16,500 up to the estimated 300 hours. This estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs. My standard billing rate of \$60 per hour would apply for additional hours.

I appreciate the opportunity to be of service to HCCSC and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let me know. If you agree with the terms of our engagement as prescribed in this letter, please sign the enclosed copy and return it to me.

Sincerely yours,



Rhonda L. Gillum
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of the Hidalgo County Community Supervision & Corrections Department.

By: 

Title: CSCD Director

Date: 7/7/05