

**AI-28968**

**4.**

**DRAINAGE DISTRICT**

**Meeting Date:** 10/11/2011

Submitted By: Jaime Salazar, DRAINAGE DISTRICT

Department: DRAINAGE DISTRICT

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Information

**CAPTION**

Requesting approval of engagement letter from BMC for additional auditing services, RFQ No. 11-005-02-23 "Independent Financial Audit Services".

**BACKGROUND**

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Attachments

Engagement Letter

Form Review

<b>Inbox</b>	<b>Reviewed By</b>	<b>Date</b>
Budget & Management	Merlen P. Munoz	10/05/2011 11:53 AM
Perla Lopez	Perla Lopez	10/05/2011 01:53 PM
Final Approval	Angela Garcia	10/07/2011 02:30 PM
Form Started By: Jaime Salazar		Started On: 10/05/2011 11:06 AM
	Final Approval Date: 10/07/2011	



**Burton McCumber & Cortez, L.L.P.**  
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October 2, 2011

Hidalgo County Drainage District No. 1  
Ramon Garcia, Chairman of the Board, and  
Board of Directors  
902 N. Doolittle Road  
Edinburg, Texas 78542

Gentlemen:

We are pleased to confirm our understanding of the terms of our engagement and the nature and limitations of the services we will provide to the Hidalgo County Drainage District No. 1 (District).

We will apply certain agreed-upon procedures which the District has specified, listed in the attached Exhibit I, to assist the Board of Directors in assessing the District's internal controls to ensure its compliance with the provisions of its purchasing and payroll procedures and evaluating and promoting fraud awareness. In performing these agreed upon procedures, the financial statements of the District will not be compiled, reviewed or audited by us and this engagement will be limited to the procedures below.

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed above do not constitute an examination, we will not express an opinion on District's internal control structure or on the financial statements of the District taken as a whole. In addition, we have no obligation to perform any procedures beyond those listed in Exhibit I.

We will submit a report listing the procedures performed and the results of those procedures. This report is intended solely for the use of the specified parties. It should not be used by any parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Our report will also contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

You are responsible for making all management decisions and performing management functions; for designating an individual with suitable skill, knowledge, and/or experience to oversee and assist in the services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.


We estimate that our fees to complete the agreed upon procedures will approximate \$12,500. The fee estimate is based on anticipated cooperation from your personnel and no unexpected items will arise. If unexpected circumstances require significant additional time, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We will be pleased to discuss this letter with you at any time. If the foregoing is in accordance with your understanding, please sign and date both copies, return one to us in the enclosed envelope, and retain the other for your files.

We appreciate the opportunity to assist you and look forward to working with the District.

Very truly yours,

BURTON MCCUMBER & CORTEZ, LLP

  
Ricky Longoria  
Partner

The foregoing letter fully described our understanding and is accepted by us.

Witness our hands in duplicate originals this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Hidalgo County Drainage District No. 1

\_\_\_\_\_  
Date

By \_\_\_\_\_  
Ramon Garcia, Chairman of the Board

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_, County Clerk

Approved as to Form:

By: \_\_\_\_\_  
\_\_\_\_\_

## EXHIBIT I

### Purchasing

1. Obtain a list of checks dated January 1, 2011 to August 31, 2011. We will randomly select 90 checks for testing. We will exclude checks related to inter-fund transfers. The sample size will allocate based on the amount of the check as follows with each check randomly selected. The sample will allocated to ranges of check amounts as follows:

\$50,000	2 Sample Items
\$49,999 - \$25,000	5 Sample Items
\$24,999 - \$5,000	10 Sample Items
\$4,999 - \$1,000	25 Sample Items
\$999 - \$1	48 Sample Items

We will select internal control attributes that will be tested to ensure compliance with the District's adopted purchasing policy and procedural manual and Section 49 of the Texas Water code as it pertains to purchasing, accounting and internal control matters.

2. Obtain a list of new vendors added for the period January 1, 2011 through August 31, 2011. We will randomly select a sample of 10 new vendors and test whether those vendors were added in accordance with the District's adopted purchasing policies and procedural manual.
3. Obtain a list of District employees authorized to prepare and approve purchases. We will cross reverence that list with the District's employee directory to ensure information is in agreement.

### Payroll

1. Obtain a copy of the District's adopted Texas Civil Service Commission requirements applicable to hiring, promotion and dismissal, termination of benefits and the categories of employees covered and review for overall completeness and reasonableness.
2. Obtain a list of payroll dates between January 1, 2011 and August 31, 2011 and select two pay dates for testing. We will randomly select 25 employees and test whether proper procedures and documentation was obtained to ensure the payment of wages to employees as described in the District's procedures.
3. We will also select a pay date to distribute checks to employees. We will ask employees to provide a photo identification either issued by the District or the state. Texas Driver's license to ensure the existence of employees. This procedure will be done on a surprise basis.

### Fraud Awareness

1. Conduct a fraud awareness training for all employees titled "Promoting Responsibility, Integrity & Dedication to Ethics" (**PRIDE**).

**AI-29002**

**5.**

**DRAINAGE DISTRICT**

**Meeting Date:** 10/11/2011

Submitted For: County Judge as per  
Godfrey/Sylvia

Submitted By: Monica Badillo, EXECUTIVE  
OFFICE

Department: EXECUTIVE OFFICE

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**Information**

**CAPTION**

Discussion and action on presentation by Hollis Rutledge & Associates regarding recapturing of federal funds.

**BACKGROUND**

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**Form Review**

<b>Inbox</b>	<b>Reviewed By</b>	<b>Date</b>
Budget & Management	Merlen P. Munoz	10/05/2011 04:58 PM
Perla Lopez	Perla Lopez	10/06/2011 08:46 AM
Final Approval	Angela Garcia	10/07/2011 02:30 PM
Form Started By: Monica Badillo		Started On: 10/05/2011 04:40 PM
	Final Approval Date: 10/07/2011	

**AI-29008**

**6.**

**DRAINAGE DISTRICT**

**Meeting Date:** 10/11/2011

Submitted By: Monica Badillo, EXECUTIVE OFFICE

Department: EXECUTIVE OFFICE

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Information

**CAPTION**

Resolution nominating candidate(s) for Hidalgo County Appraisal District Board of Directors for 2012-2013.

**BACKGROUND**

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Form Review

<b>Inbox</b>	<b>Reviewed By</b>	<b>Date</b>
Budget & Management	Merlen P. Munoz	10/06/2011 08:12 AM
Perla Lopez	Perla Lopez	10/06/2011 01:57 PM
Final Approval	Angela Garcia	10/07/2011 02:30 PM
Form Started By: Monica Badillo		Started On: 10/05/2011
	Final Approval Date: 10/07/2011	