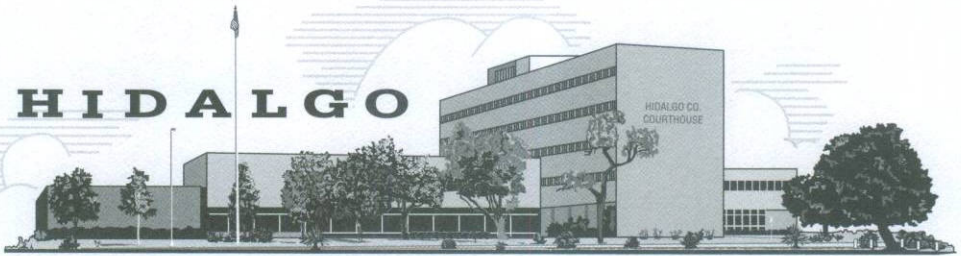


COUNTY of HIDALGO

COUNTY AUDITOR'S OFFICE
 Hidalgo County Administration Building
 2808 South Business Highway 281
 Edinburg, Texas 78539-6243
 PHONE: (956) 318-2511
 FAX: (956) 318-2577
 WEBSITE: www.co.hidalgo.tx.us/auditor



EDINBURG, TEXAS 78539

October 12, 2016

The Honorable Ramon Garcia
 Hidalgo County Judge
 302 W. University Drive
 Edinburg, Texas 78539

Dear Judge Garcia:

Pursuant to Local Government Code Section 114.044 and/or Local Government Code Section 115.0035 (c), we are submitting for your review the following monthly reports and/or letters:

Department	Fees/Costs	Description
Ms. Yvonne Ramon, Elections Administrator	\$ 1,174.20	July 2016 Monthly Report/Letter
Ms. Yvonne Ramon, Elections Administrator	\$ 91,754.36	Aug. 2016 Monthly Report/Letter

Department	Description
The Hon. Eddie Guerra, Hidalgo County Sheriff	Review of Sheriff's Fee Financial Statements For the Months Ended June 30, 2016 and July 31, 2016
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Review of Delinquent Tax Attorney Payment Request – August 2016 Report No. 2016-60
The Hon. Homero A. Jasso, Justice of the Peace Pct. 4, Pl. 2	Audit of the Justice of the Peace, Pct 4, Pl. 2 Office For the Period of January 1, 2014 through July 31, 2015 Audit No. 2015-54
Mr. T.J. Arredondo, Director of Planning	Mission Office – Cash Count Report No. 2016-57
The Hon. Lazaro Gallardo, Constable Precinct No. 3	Cash Count Report No. 2016-58
The Hon. Jose M. Flores, Commissioner Precinct No. 3	Mission Sanitation – Cash Count Report No. 2016-59
Ms. Angie Chapa, Law Librarian	Cash Count – Audit No. 2016-61
Mr. Eduardo Olivarez, Chief Administrator Officer Hidalgo County Health and Human Services Department	Pharr Health Clinic – Cash Count Report No. 2016-545

Respectfully,

Ray Eufrazio, CPA
 Hidalgo County Auditor

Attachments

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C.
 ROOOLFO DELGADO JUDGE, 93RD D.C.
 J. R. "BOBBY" FLORES JUDGE, 139TH D.C.
 ROSE GUERRA REYNA JUDGE, 206TH D.C.
 JUAN R. PARTIDA JUDGE, 275TH D.C.
 MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C.
 NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER
 LETICIA LOPEZ JUDGE, 389TH D.C.
 AIDA SALINAS FLORES JUDGE, 398TH D.C.
 ISRAEL RAMON, JR. JUDGE, 430TH D.C.
 JESSE CONTRERAS JUDGE, 449TH D.C.

**HIDALGO COUNTY ELECTIONS DEPARTMENT
MONTHLY FEES REPORT
FOR THE MONTH ENDED July, 2016**

PBC

PART I: SUMMARY OF MONTHLY COLLECTIONS



A	B Receipt Date	C Elections Receipt # Sequence		E Revenues		G Total Collected	H COUNTY TREASURER			K OVER/ (SHORT)	
		D BEG #	END #	Contractual Revenues	Non-Contractual Revenues		Receipt Amount	Receipt No.	Receipt Date		
1	1-Jul-16	0	0	\$ -	\$ -	\$ -					
2	2-Jul-16	0	0	\$ -	\$ -	\$ -					
3	3-Jul-16	0	0	\$ -	\$ -	\$ -					
4	4-Jul-16	0	0	\$ -	\$ -	\$ -					
5	5-Jul-16	0	0	\$ -	\$ -	\$ -					
6	6-Jul-16	0	0	\$ -	\$ -	\$ -					
7	7-Jul-16	0	0	\$ -	\$ -	\$ -					
8	8-Jul-16	865	865	\$ -	\$ 17.50	\$ 17.50	17.50	200244	07-12-16	4 days	
9	9-Jul-16	0	0	\$ -	\$ -	\$ -					
10	10-Jul-16	0	0	\$ -	\$ -	\$ -					
11	11-Jul-16	866	866	\$ -	\$ 7.60	\$ 7.60	7.60	200245	07-12-16	1 day	
12	12-Jul-16	0	0	\$ -	\$ -	\$ -					
13	13-Jul-16	0	0	\$ -	\$ -	\$ -					
14	14-Jul-16	0	0	\$ -	\$ -	\$ -					
15	15-Jul-16	867	869	\$ -	\$ 2.60	\$ 2.60	2.60	200551	07-21-16	6 days	
16	16-Jul-16	0	0	\$ -	\$ -	\$ -					
17	17-Jul-16	0	0	\$ -	\$ -	\$ -					
18	18-Jul-16	867	869	\$ -	\$ 2.60	\$ 2.60	2.60	200554			
19	19-Jul-16	870	870	\$ -	\$ 17.50	\$ 17.50	17.50	200555	07-21-16	3 days	
20	20-Jul-16	871	871	\$ 250.00	\$ -	\$ 250.00	250.00	200556	07-21-16	1 day	
21	21-Jul-16	0	0	\$ -	\$ -	\$ -					
22	22-Jul-16	872	872	\$ -	\$ 17.50	\$ 17.50	17.50	200722	07-27-16	5 days	
23	23-Jul-16	0	0	\$ -	\$ -	\$ -					
24	24-Jul-16	0	0	\$ -	\$ -	\$ -					
25	25-Jul-16	873	873	\$ -	\$ 17.50	\$ 17.50	17.50	200723	07-27-16	2 days	
26	26-Jul-16	874	874	\$ -	\$ 17.50	\$ 17.50	17.50	200783	07-28-16	2 days	
27	27-Jul-16	875	875	\$ 500.00	\$ -	\$ 500.00	500.00	200784	07-28-16	1 day	
28	28-Jul-16	876	877	\$ -	\$ 309.00	\$ 309.00	309.00	200910	07-29-16	1 day	
29	29-Jul-16	878	878	\$ -	\$ 17.50	\$ 17.50	17.50	201030	08-02-16	4 days	
30	30-Jul-16	0	0	\$ -	\$ -	\$ -					
31	31-Jul-16	0	0	\$ -	\$ -	\$ -					
TOTAL				\$ 750.00	\$ 424.20	\$ 1,174.20	X2-a; X3				0.00

PART II: SUMMARY OF YEARLY COLLECTIONS:


January	\$ 53,950.88	July	\$ 1,174.20 X3
February	\$ 41,278.70	August	
March	\$ 3,081.74 -X3	September	
April	\$ 23,483.06	October	
May	\$ 20,895.75	November	
June	\$ 17,591.77	December	

(1) Subtotal \$ 160,281.88 (2) Subtotal \$ 1,174.20 Total (1+2) \$ 161,456.08 X3

THIS REPORT HAS BEEN PERSONALLY PREPARED BY ME & I CERTIFY IT TO BE TRUE & CORRECT TO THE BEST OF MY KNOWLEDGE

 PREPARED BY
 DATE

THIS REPORT HAS BEEN PERSONALLY REVIEWED BY ME & I CERTIFY IT TO BE TRUE & CORRECT TO THE BEST OF MY KNOWLEDGE

 ELECTIONS ADMINISTRATOR
 DATE

AUDITED BY: THE HIDALGO COUNTY AUDITOR'S OFFICE
DATE: AS 08-04-16

VI

**HIDALGO COUNTY ELECTIONS DEPARTMENT
MONTHLY FEES REPORT
FOR THE MONTH ENDED August 1, 2016**

PBC

PART I: SUMMARY OF MONTHLY COLLECTIONS

A	B Receipt Date	C Elections Receipt # Sequence		E Revenues		G Total Collected	H COUNTY TREASURER			K OVER/ (SHORT)
		D BEG #	END #	Contractual Revenues	Non-Contractual Revenues		Receipt Amount	Receipt No.	Receipt Date	
1	1-Aug-16	0	0	\$ -	\$ -	\$ -				
2	2-Aug-16	0	0	\$ -	\$ -	\$ -				
3	3-Aug-16	879 X	880 X	\$ 250.00	\$ 34.00	\$ 284.00	\$ 284.00	201241	08/08/16	5 days
4	4-Aug-16	0	0	\$ -	\$ -	\$ -				
5	5-Aug-16	0	0	\$ -	\$ -	\$ -				
6	6-Aug-16	0	0	\$ -	\$ -	\$ -				
7	7-Aug-16	0	0	\$ -	\$ -	\$ -				
8	8-Aug-16	881 X	881 X	\$ -	\$ 17.50	\$ 17.50	\$ 17.50	201299	08/09/16	1 day
9	9-Aug-16	882 X	883 X	\$ -	\$ 47.50	\$ 47.50	\$ 47.50	201329	08/10/16	1 day
10	10-Aug-16	0	0	\$ -	\$ -	\$ -				
11	11-Aug-16	0	0	\$ -	\$ -	\$ -				
12	12-Aug-16	884 X	884 X	\$ -	\$ 64.60	\$ 64.60	\$ 64.60	201527	08/16/16	9 days
13	13-Aug-16	0	0	\$ -	\$ -	\$ -				
14	14-Aug-16	0	0	\$ -	\$ -	\$ -				
15	15-Aug-16	0	0	\$ -	\$ -	\$ -				
16	16-Aug-16	0	0	\$ -	\$ -	\$ -				
17	17-Aug-16	0	0	\$ -	\$ -	\$ -				
18	18-Aug-16	885 X	885 X	\$ -	\$ 17.00	\$ 17.00	\$ 17.00	201791	08/24/16	6 days
19	19-Aug-16	0	0	\$ -	\$ -	\$ -				
20	20-Aug-16	0	0	\$ -	\$ -	\$ -				
21	21-Aug-16	0	0	\$ -	\$ -	\$ -				
22	22-Aug-16	886 X	889 X	\$ -	\$ 69.00	\$ 69.00	\$ 69.00	201792	08/24/16	2 days
23	23-Aug-16	890 X	891 X	\$ 12,393.18	\$ -	\$ 12,393.18	\$ 12,393.18	201793	08/24/16	1 day
24	24-Aug-16	0	0	\$ -	\$ -	\$ -				
25	25-Aug-16	892 X	892 X	\$ 14,728.49	\$ -	\$ 14,728.49	\$ 14,728.49	201875	08/26/16	1 day
26	26-Aug-16	0	0	\$ -	\$ -	\$ -				
27	27-Aug-16	0	0	\$ -	\$ -	\$ -				
28	28-Aug-16	0	0	\$ -	\$ -	\$ -				
29	29-Aug-16	893 X	893 X	\$ -	\$ 85.50	\$ 85.50	\$ 85.50	201950	08/30/16	1 day
30	30-Aug-16	894 X	899 X	\$ 63,930.09	\$ 82.50	\$ 64,012.59	\$ 64,012.59	202057	09/01/16	2 days
31	31-Aug-16	900 X	901 X	\$ -	\$ 35.00	\$ 35.00	\$ 35.00	202058	09/01/16	1 day
TOTAL				\$ 91,301.76	\$ 452.60	\$ 91,754.36				0.00

PART II: SUMMARY OF YEARLY COLLECTIONS:

January	\$ 53,950.88	AUDITED BY: THE HIDALGO COUNTY AUDITOR'S OFFICE	July	\$ 1,174.20	RECEIVED SEP 7 AM COUNTY CLERK	
February	\$ 41,278.70	DATE: 8/23/16	August	\$ 91,754.36 X3		
March	\$ 3,081.74		September			
April	\$ 23,483.06		October			
May	\$ 20,895.75		November			
June	\$ 17,591.77		December			
(1) Subtotal	\$ 160,281.88		(2) Subtotal	\$ 92,928.56		Total (1+2) \$ 253,210.44 X3

THIS REPORT HAS BEEN PERSONALLY PREPARED BY ME & I CERTIFY IT TO BE TRUE & CORRECT TO THE BEST OF MY KNOWLEDGE

[Signature]
PREPARED BY

9/7/16
DATE

THIS REPORT HAS BEEN PERSONALLY REVIEWED BY ME & I CERTIFY IT TO BE TRUE & CORRECT TO THE BEST OF MY KNOWLEDGE

[Signature]
ELECTIONS ADMINISTRATOR

9/7/16
DATE

This Report is Due in the Office of the County Auditor before the 5th day of the following month

X1

COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
Hidalgo County Administration Building
2808 South Business Highway 281
Edinburg, Texas 78539-6243
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FAX: (956) 318-2577
WEBSITE: www.co.hidalgo.tx.us/auditor



EDINBURG, TEXAS 78539

September 30, 2016

Ms. Yvonne Ramon, Elections Administrator
Hidalgo County Elections Department
101 S. 10th Street
Edinburg, Texas 78539

Re: Review of *Monthly Fees Report* and Supporting Documentation
For the Months of July and August 2016

Dear Ms. Ramon:

We have conducted a limited scope review of the *Monthly Fees Report (Monthly Report)* and supporting documentation for the months of July 2016 and August 2016 pursuant to Local Government Code §115.002 (a) and (b). The objective of the review was to determine if fees collected were properly accounted and reported.

Scope:

The scope of our review was limited to collections reported by your office on the *Monthly Report* for the months of July 2016 and August 2016. Our review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

The responsibility for establishing and maintaining a sound internal control system rests with management. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or theft, and that transactions are executed in accordance with management's authorization and recorded properly.

The purpose of this report is to furnish management independent, objective analyses, recommendations, and information concerning the area reviewed. The report should serve as a tool to help management discern and implement specific improvements.

Methodology:

In planning and performing our review, we reviewed the *Monthly Report* and fee schedules approved by Commissioners Court. The following procedures were performed:

- Reviewed the submittal date of the *Monthly Report* to the County Auditor's Office to determine if the report and supporting documentation were received within 5 days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified the signature on the *Monthly Report* to ensure that the report was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *Monthly Report* by footing and cross-footing the report.
- Reviewed receipts issued to determine if fees were allocated and reported in the proper amounts.
- Verified that procedures for voided receipts were properly followed.
- Verified that collections per the *Monthly Report* agreed to: 1.) total deposits made with the County Treasurer and 2.) total deposits posted to *alio's* Undistributed Receipts-Elections general ledger account.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 9th D.C.

RODOLFO DELGADO
JUDGE, 9th D.C.

J. R. "BOBBY" FLORES
JUDGE, 13th D.C.

ROSE GUERRA REYNA
JUDGE, 20th D.C.

JUAN R. PARTIDA
JUDGE, 27th D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 32nd D.C.

NOE GONZALEZ
JUDGE, 37th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 38th D.C.

AIDA SALINAS FLORES
JUDGE, 39th D.C.

ISRAEL RAMON, JR.
JUDGE, 43rd D.C.

JESSE CONTRERAS
JUDGE, 44th D.C.

- Reviewed *Cashier's Daily Close-Out Reports/Daily Remittance Report (Close-Out Reports)* and County Treasurer receipts to determine whether collections were properly accounted and deposited with the County Treasurer on a timely basis.
- Reviewed receipts issued to verify the proper completion and issuance in sequential order.
- Reviewed *Cashier's Daily Close-Out Reports/Daily Remittance Report (Close-Out Reports)* to verify proper completion.

Conclusion:

Total collections for the months of July 2016 and August 2016 were \$1,174.20 and \$91,754.36, respectively. Based on the results of our review, we have concluded that fees were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees require improvement as noted in the following observation.

Observation No. 1:

A daily mail log was not prepared by the department; instead, a continuous log was used to record mail-in payments. According to staff, they were not aware that a mail log needed to be prepared on a daily basis.

The County Auditor's Office requires that mail-in payments be listed on a daily mail log. The mail log should include the following information for each mail-in payment received: date received, the name of the payer, the amount of the remittance, the form of the remittance (e.g., cash or check), and, if applicable, the check number.

Failure to ensure that a daily mail log is maintained to record payments received through the mail may result in the loss or misuse of County funds.

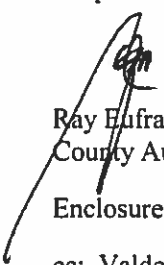
Recommendation:

Management should ensure that a daily mail log is maintained to record payments received through the mail. Please refer to the mail log section of the "Cash Handling Guidelines and Procedures" prescribed by the County Auditor's Office for the minimum procedures to be implemented for processing mail-in payments.

Please provide a written management response to the observation noted above by October 21, 2016.

If you should have any questions, please do not hesitate to contact Alejandra Santa Ana, MSA, Internal Auditor I, at 318-2511 ext. 4647, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Arcy B. Duran, CPA, Director of Audit, at ext. 4645, or me at ext. 4604.

Respectfully,



Ray Eufrazio, CPA
County Auditor

Enclosures: *Monthly Fees Report*

cc: Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS H. SMOLETERRY
JUDGE, 12th D.C.

RODOLFO DELGADO
JUDGE, 93rd D.C.

J. R. "BOBBY" FLORES
JUDGE, 139th D.C.

ROSE GUERRA REYNA
JUDGE, 208th D.C.

JUAN R. PARTIDA
JUDGE, 273rd D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 332nd D.C.

NOE GONZALEZ
JUDGE, 370th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 383rd D.C.

AIDA SALINAS FLORES
JUDGE, 398th D.C.

ISRAEL RAMON, JR.
JUDGE, 430th D.C.

JESSE CONTRERAS
JUDGE, 446th D.C.

COUNTY of HIDALGO

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EDINBURG, TEXAS 78539

September 28, 2016

The Honorable Eddie Guerra
Hidalgo County Sheriff
711 El Cibolo Rd.
Edinburg, Texas 78540

Re: Review of Sheriff's Fee Financial Statements
For the Months Ended June 30, 2016 and July 31, 2016

Dear Sheriff Guerra:

We conducted a limited scope review of the Fee Trust Account financial statements for the months ended June 30, 2016 and July 31, 2016 pursuant to Local Government Code §112.006 (a), §115.001, §115.002 (b), and §115.901. The objective of the review was to obtain limited assurance that the financial statements are free from material misstatement.

Management is responsible for the preparation of the financial statements including the design, implementation, and maintenance of internal controls relevant to the preparation of the financial statements. Our responsibility is to perform procedures to obtain limited assurance that the financial statements are free from material misstatement.

Based on our review, nothing came to our attention that caused us to believe that the financial statements contained any material misstatements. However, we noted that the system of internal controls relevant to the preparation of the financial statements requires improvement as noted in the following observations.

Observation No. 1:

Based on a review of State law, we determined that the Sheriff's Office is not authorized to maintain the "Fee" bank account.

Local Government Code § 113.021(a) states, "fees, commissions, funds, and other money belonging to a county shall be deposited with the County Treasurer by the person who collects the money.

We recommend that the Sheriff's Office close the "Fee" bank account and transfer any remaining funds to the County Treasurer. A meeting has been scheduled on Friday, September 30, 2016 to discuss the procedures that should be implemented after the "Fee" bank account is closed.

Observation No. 2:

The Due from Federal Government – Boarding of Prisoners balance as of July 31, 2016 was \$40,594.34 and consisted of the following:

- "Due from Army" totaling \$2,548.00 and consisting of billings for the months of June 2016 (\$832.00); May 2016 (\$52.00); April 2011 (\$468.00); September 2011 (\$260.00); November 2011 (\$520.00); May 2013 (\$156.00); and August 2013 (\$260.00).
- "Due from Border Patrol" totaling \$286.81 and consisting of billings for the months of June 2002 (\$64.00); August 2003 (\$159.15); and January 2004 (\$63.66).

HIDALGO COUNTY DISTRICT JUDGES

LARRY SINGLETERRY
JUDGE, 92ND D.C.

RODOLFO DELGADO
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 131TH D.C.

ROSE GUERRA REYNA
JUDGE, 204TH D.C.

JUAN R. PARTIDA
JUDGE, 275TH D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 332ND D.C.

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
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JUDGE, 394TH D.C.

ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

JESSE CONTRERAS
JUDGE, 449TH D.C.

- “Due from Bureau of Prisons” totaling \$32,436.63 and consisting of billings for the months of September 2004 (\$3,056.63), June 2016 (\$15,184.00), and July 2016 (\$14,196.00).
- “Due from DHS/ICE” totaling \$732.09 and consisting of billings for the months of August 2007 (\$381.96), May 2008 (\$31.83), and September 2008 (\$318.30).
- “Due from ICE” totaling \$127.32 and consisting of the billing for the month of February 2005.
- “Due from INS” totaling \$95.49 and consisting of the billing for the month of May 2003.
- “Due from CBP (Pharr)” totaling \$884.00 and consisting of the billing for the month of July 2016.
- “Due from US Marshalls” totaling \$3,224.00 and consisting of billings for the months of June 2016 (\$1,456.00) and July 2016 (\$1,768.00).
- “Due from ATF Pensacola, Florida” totaling \$52.00 and consisting of billing for the month of May 2016.
- “Due from U.S.M.C.” totaling \$208.00 and consisting of billing for the month of June 2016.

According to staff, payment is being sought from the Federal Government.

We recommend that management seek the assistance of the District Attorney’s Office for collection of the amounts due from the Federal Government. In addition, in an effort to close the “Fee” bank account, we recommend that the Federal Government agencies be made aware that funds owed to the Hidalgo County Sheriff’s Office should now be deposited directly to the General Fund. Please contact the County Treasurer’s Office if assistance is needed with this transition.

Observation No. 3:

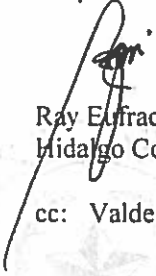
The Due to Others – Voided Checks balance as of July 31, 2016 was \$90.00. The balance included 6 voided checks with original issue date of December 12, 2013 through October 9, 2015.

Pursuant to Texas Property Code Chapter 76, a check may be presumed abandoned on the latest of the third anniversary of the date (1) the check was payable; (2) the issuer or payor of the check last received documented communication from the payee of the check; or (3) the check was issued if, according to the knowledge and records of the issuer or payor of the check, during that period, a claim to the check has not been asserted or an act of ownership by the payee has not been exercised.

We recommend that a notice be mailed to the last known address of the payee for the 9 voided checks stating that: (1) the Sheriff’s Office is holding the funds; and (2) the Sheriff’s Office may be required to deliver the funds to the County Treasurer on or before July 1 if the funds are not claimed. Any applicable funds not claimed should be escheated to the County Treasurer prior to closing the “Fee” bank account.

If you should have any questions, feel free to call Letty Chavez, Compliance Auditor Supervisor, at 318-2511 ext. 4651, Arcy B. Duran, CPA, Director of Audit, at ext. 4645, Linda Fong, First Assistant Auditor, at ext. 4668 or me at ext. 4604.

Respectfully,



Ray Eufrazio, CPA
Hidalgo County Auditor

cc: Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M SINGLETERRY
JUDGE, 97TH D.C.

RODOLFO DELGADO
JUDGE, 93RD D.C.

J.R. "BOBBY" FLORES
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COUNTY *of* HIDALGO

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EDINBURG, TEXAS 78539

September 29, 2016

The Honorable Pablo Villarreal, Jr., RTA
Hidalgo County Tax Assessor/Collector
2804 S. Business Hwy. 281
Edinburg, Texas 78539

Ref: Review of Delinquent Tax Attorney Payment Request - August 2016
Report No. 2016-60

Dear Mr. Villarreal:

We have completed a limited scope review of the August 2016 payment request prepared by your office for delinquent tax attorney (DTA) fees due to Linebarger, Goggan, Blair, and Sampson LLP ("LGBS") and related supporting documentation. The objective of our limited scope review was to determine if the payment request was accurate and properly authorized.

The scope of our review was limited to a review of the DTA fees collected by your office on behalf of the following entities: Hidalgo County (GHD), Road District 2 (RD2), Road District 5 (RD5), Road District 7 (RD7), Road District 11 (RD11), Road District 12 (RD12), Road District 14 (RD14), Road District 15, State of Texas (TEX); and the payment request prepared by your office for the month ended August 31, 2016. The County Auditor's Office did not review the tax accounts listed on the "Hidalgo County Tax Office Current Collection Report" and "Hidalgo County Tax Office Prior Collection Report" that reflected a refund since LGBS stated that they would not seek reimbursement for DTA fees previously paid to the prior DTA firm. Our review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. The responsibility for sound internal controls rests with management.

As part of our review, we reviewed the payment request, the delinquent tax attorney contract, and various collection reports prepared by your office. The following procedures were performed:

- Verified that the payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of August 2016."
- Reviewed the "Hidalgo County Tax Office Current Collection Report" and "Hidalgo County Tax Office Prior Collection Report" to determine if the DTA fees were collected at the 15% rate specified in the contract.
- Reviewed the "Hidalgo County Tax Office Current Collection Report" and "Hidalgo County Tax Office Prior Collection Report" to determine if the total amount of DTA fees collected agree to the amount transferred to the Hidalgo County Treasurer's Office.

HIDALGO COUNTY DISTRICT JUDGES

LARS M. SINGLETERRY
JUDGE, 92ND D.C.

RODOLFO DELGADO
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 139TH D.C.

ROSE GUERRA REINA
JUDGE, 208TH D.C.

JUAN P. PARTIDA
JUDGE, 273RD D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 322ND D.C.

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

AIDA SALINAS FLORES
JUDGE, 398TH D.C.

ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

JESSE CONTRERAS
JUDGE, 449TH D.C.

The results of our review revealed that the payment request was generally accurate and properly authorized. More specifically, the following was noted:

- The payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of August 2016."
- Although DTA fees for 255 tax accounts were not collected at the 15% rate specified in the contract; we concluded that the differences in rates were attributed to tax deferrals (251 tax account) and small amounts collected (4 tax account) (see Exhibit A). The small amounts collected on the 4 tax accounts resulted in a net shortage of \$.04.

We will proceed to process the August 2016 DTA payment request in the amount of \$204,462.51 to LGBS.

If you have any questions, please feel free to call Letty Chavez, Compliance Audit Supervisor, at 318-2511 ext. 4651, Arcy B. Duran, CPA, Director of Audit, at ext. 4645, Linda Fong, First Assistant Auditor at ext. 4668, or me at ext. 4604.

Respectfully,



Ray Eufracio, CPA
Hidalgo County Auditor

Enclosures

cc: Ms. Lucy Canales, Linebarger Goggan Blair & Sampson, LLP

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
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JUDGE, 204TH D.C.

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JUDGE, 275TH D.C.

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JUDGE, 328TH D.C.

ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

JESSE CONTRERAS
JUDGE, 449TH D.C.

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
1	1	2014	J273000000000500	64.59	18.52	83.11	12.01
2	1	2014	L605000000018315	22.37	5.97	28.34	3.96
3	1	2014	L605000000001600	19.9	5.71	25.61	3.7
4	1	2014	B157005000013300	17.42	4.94	22.36	3.22
5	1	2014	P200000019002400	10.2	2.92	13.12	1.9
6	1	2014	K275003000002200	0.08	0.02	0.1	0.01
7	1	2013	T625002000006500	407.41	153.46	560.87	77.61
8	1	2013	R420000010000201	217.34	79.69	297.03	40.43
9	1	2013	C140000083001305	179.94	59.98	239.92	31.85
10	1	2013	S367500007000600	32.37	11.77	44.14	5.97
11	1	2013	B161000001004000	14.68	5.97	20.65	2.99
12	1	2013	G490000004002000	13.36	4.63	17.99	2.37
13	1	2013	L685000000001400	6.33	2.34	8.67	1.19
14	1	2013	P320002006001200	3.86	1.39	5.25	0.71
15	1	2013	C643000000000200	0.1	0.04	0.14	0.02
16	1	2012	E468004007000300	462.02	204.82	666.84	85.24
17	1	2012	E800000131000600	126.76	54.09	180.85	22.44
18	1	2012	O050000000003300	63.74	31.66	95.4	13.29
19	1	2012	G410000008000300	32.13	14.98	47.11	6.26
20	1	2012	T260000000000402	24.25	10.34	34.59	4.29
21	1	2012	W380000507000016	20.19	9.1	29.29	3.79
22	1	2012	A080000000102515	15.36	6.65	22.01	2.76
23	1	2012	F180099001000503	0.42	0.22	0.64	0.09
24	1	2011	Q280000000003600	754.49	402.4	1156.89	142.6
25	1	2011	P840000000010437	564.99	295.68	860.67	104.24
26	1	2011	E468004007000300	452.74	255.04	707.78	91.68
27	1	2011	E800000131000600	126.76	69.3	196.06	24.72
28	1	2011	M480000151000800	119.39	64.08	183.47	22.74
29	1	2011	L005000006000300	107.49	58.4	165.89	20.8
30	1	2011	W010000037000218	90.82	50.25	141.07	17.98
31	1	2011	R420000010000201	76.24	46.26	122.5	16.93
32	1	2011	A180000064001602	90.13	45.67	135.8	15.95
33	1	2011	E310000021001100	78.12	42.44	120.56	15.11
34	1	2011	B030000026002300	64.39	36.7	101.09	13.23
35	1	2011	M500000003000310	43.36	24.28	67.64	8.71
36	1	2011	G821000000000200	38.68	19.73	58.41	6.9
37	1	2011	M500000003000310	31.54	17.65	49.19	6.34
38	1	2011	N861301000000900	20.31	12.6	32.91	4.69
39	1	2011	E431000000006500	19.94	10.63	30.57	3.77
40	1	2011	M155000000005100	14.14	8.54	22.68	3.12
41	1	2011	T550004000001300	16.98	8.78	25.76	3.08
42	1	2011	M500000003000310	11.88	6.66	18.54	2.39
43	1	2011	L315000000004200	12.73	6.5	19.23	2.27
44	1	2011	S408000000001000	10.2	5.37	15.57	1.9
45	1	2011	P910000004001300	8.4	4.98	13.38	1.81

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
46	1	2011	C162700000003600	6.77	3.58	10.35	1.28
47	1	2011	T210000266001119	0.59	0.38	0.97	0.14
48	1	2010	E468004007000300	462.23	315.86	778.09	101.92
49	1	2010	Q280000000003600	322.06	210.41	532.47	66.67
50	1	2010	E330000242000400	219.33	136.72	356.05	42.44
51	1	2010	H165001000000900	141.6	85.91	227.51	26.34
52	1	2010	P811503000000100	117.69	71.4	189.09	21.89
53	1	2010	L005000006000300	100.65	66.77	167.42	21.29
54	1	2010	T550004000001300	92	58.57	150.57	18.35
55	1	2010	G590001003002300	70.95	48.96	119.91	15.86
56	1	2010	C211000000002900	42.16	29.65	71.81	9.67
57	1	2010	P811503000000100	50.45	30.59	81.04	9.38
58	1	2010	V368502000015600	39.14	23.1	62.24	6.99
59	1	2010	V368502000015600	39.14	23.1	62.24	6.99
60	1	2010	L255002016001200	32.54	20.27	52.81	6.29
61	1	2010	W380000767000094	23.12	16.8	39.92	5.55
62	1	2010	N486000000002300	22.98	16.62	39.6	5.48
63	1	2010	W380000594000010	23.02	13.88	36.9	4.25
64	1	2010	C630000004001700	21.48	13.39	34.87	4.16
65	1	2010	M578500000007200	9.25	6.76	16.01	2.24
66	1	2010	P935000000003500	9.22	6.12	15.34	1.95
67	1	2010	A555002000000500	7.25	4.62	11.87	1.45
68	1	2010	G590098004000101	6.12	4.16	10.28	1.34
69	1	2010	A210000048001001	2.7	1.97	4.67	0.65
70	1	2010	K570000000000210	2.29	1.38	3.67	0.42
71	1	2010	K570000000000210	2.29	1.38	3.67	0.42
72	1	2010	K570000000000210	0.89	0.54	1.43	0.16
73	1	2010	K570000000000210	-2.29	-1.38	-3.67	-0.42
74	1	2009	C765000002003200	72.45	50.71	123.16	13.91
75	1	2009	L255002016001200	56.99	42.37	99.36	12.05
76	1	2009	N860000002005200	42.75	33.64	76.39	9.88
77	1	2009	C465000000018A00	49.1	33.87	82.97	9.2
78	1	2009	K570000000000210	40.64	29.39	70.03	8.23
79	1	2009	K570000000000210	40.64	29.39	70.03	8.23
80	1	2009	A350000003001200	22.30	17.39	39.69	5.08
81	1	2009	E458000000002700	26.85	18.61	45.46	5.07
82	1	2009	L335200000000100	16.79	14.28	31.07	4.36
83	1	2009	H284000000013400	15.51	11.22	26.73	3.19
84	1	2009	C266700000001000	14.1	10.2	24.3	2.86
85	1	2009	W380000767000094	9.76	8.27	18.03	2.52
86	1	2009	A176502000000200	12.13	8.54	20.67	2.35
87	1	2009	B203500000002700	9.62	6.7	16.32	1.83
88	1	2009	A555002000000500	6.44	4.87	11.31	1.4
89	1	2009	K570000000000210	-40.64	-29.39	-70.03	-8.23
90	1	2008	E468004007000300	426.04	393.38	819.42	109.28

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
91	1	2008	A160003000006800	57.9	52.68	110.58	14.51
92	1	2008	O200500000001300	64.36	49.12	113.48	11.87
93	1	2008	N340000000303513	25.1	23.25	48.35	6.47
94	1	2008	E458000000002700	28.82	23.44	52.26	5.97
95	1	2008	N860000002005200	9.29	8.42	17.71	2.31
96	1	2008	L630601000007900	8.15	8.02	16.17	2.31
97	1	2008	C070000099000301	2.85	2.62	5.47	0.73
98	1	2007	J816500000000300	63	58.59	121.59	14.08
99	1	2007	L630601000007900	36.88	40.69	77.57	11.12
100	1	2007	L502500000005520	28.24	28.24	56.48	7.2
101	1	2007	M355000131000900	24.93	24.1	49.03	5.98
102	1	2007	E583002000000100	17.62	19.17	36.79	5.19
103	1	2007	E583002000000100	17.62	19.17	36.79	5.19
104	1	2007	E458000000002700	2.63	2.46	5.09	0.59
105	1	2007	E583002000000100	-17.62	-19.17	-36.79	-5.19
106	1	2007	J816500000000300	-63	-58.59	-121.59	-14.08
107	1	2006	J816500000000300	139.56	146.54	286.1	33.7
108	1	2006	O210000005000035	93.66	111.46	205.12	28.52
109	1	2006	C885000024001200	68.37	76.57	144.94	18.66
110	1	2006	H135000001001100	13.14	15.56	28.7	3.96
111	1	2006	L672500000014000	12.83	15.14	27.97	3.85
112	1	2006	L672500000014000	12.83	15.14	27.97	3.85
113	1	2006	I604802000004200	20.09	18.55	38.64	3.71
114	1	2006	G212000000001400	14.39	14.59	28.98	3.24
115	1	2006	A555000000000300	10.77	12.2	22.97	3
116	1	2006	T570002000001400	14.4	13.88	28.28	2.92
117	1	2006	J816500000000300	-139.56	-146.54	-286.1	-33.7
118	1	2005	L255001007000700	235.01	235.79	470.8	43.36
119	1	2005	C902500000002900	165.36	193.47	358.83	42.91
120	1	2005	A174500000002300	184.34	184.96	369.3	34.01
121	1	2005	S367500002000800	40.14	40.27	80.41	7.4
122	1	2005	N120003000001025	19.13	23.23	42.36	5.34
123	1	2005	A555000000000115	19.79	23.48	43.27	5.29
124	1	2005	C733000003000900	9.96	13.2	23.16	3.28
125	1	2005	W560000000006300	10.13	12.44	22.57	2.89
126	1	2005	M475000002001600	9.47	10.91	20.38	2.38
127	1	2005	S245000000001200	7.82	9.42	17.24	2.15
128	1	2005	C100000004000900	1.91	2.49	4.4	0.61
129	1	2004	R345000000001400	256.06	277.39	533.45	47.24
130	1	2004	S367500002000800	199.22	223.79	423.01	40.34
131	1	2004	F345000153000700	206.33	223.53	429.86	38.07
132	1	2004	T460001000000500	205.23	222.33	427.56	37.86
133	1	2004	L255001007000700	171.48	192.63	364.11	34.73
134	1	2004	H520003000003900	124.75	135.14	259.89	23.02
135	1	2004	G230000002000300	72.59	84.45	157.04	16.01

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
136	1	2004	L255001007000700	63.53	71.36	134.89	12.87
137	1	2004	W310000001001100	37.02	51.08	88.1	11.77
138	1	2004	J816500000000300	29.76	38.39	68.15	8.26
139	1	2004	J816500000000300	29.76	38.39	68.15	8.26
140	1	2004	L093000001001400	33.55	36.36	69.91	6.19
141	1	2004	S696501000002200	13.3	18.97	32.27	4.51
142	1	2004	O540000004000500	23.97	25.97	49.94	4.42
143	1	2004	B203500000004700	19.7	21.34	41.04	3.64
144	1	2004	F345000146000800	15	17.46	32.46	3.31
145	1	2004	K290001000000800	17.02	18.43	35.45	3.14
146	1	2004	R170000000011900	0.77	0.96	1.73	0.2
147	1	2004	V370003001001200	0.2	0.3	0.5	0.08
148	1	2004	J816500000000300	-29.76	-38.39	-68.15	-8.26
149	1	2003	L255001007000700	213.65	265.64	479.29	47.11
150	1	2003	S367500002000800	174.96	217.53	392.49	38.58
151	1	2003	F345000153000700	188.81	227.2	416.01	38.23
152	1	2003	T460001000000500	187.79	225.98	413.77	38.03
153	1	2003	D840000000000700	192.58	224.03	416.61	35.53
154	1	2003	O540000004000500	12.18	14.65	26.83	2.47
155	1	2003	J570000001001504	6.12	8.99	15.11	1.97
156	1	2003	R021501000002800	7.36	9.44	16.8	1.75
157	1	2003	R170000000011900	3.76	5.11	8.87	1.03
158	1	2002	F345000153000700	191.71	253.69	445.4	42.27
159	1	2002	T32000000A030800	116.21	149.15	265.36	23.53
160	1	2002	W310000001001100	34.64	56.12	90.76	12.26
161	1	2002	A180000064001504	21.58	32.66	54.24	6.6
162	1	2002	D840000000000700	31.58	40.52	72.1	6.39
163	1	2002	M51500000004700	21.67	32.14	53.81	6.34
164	1	2002	M190001000003200	26.61	36.27	62.88	6.34
165	1	2002	M550000069001502	16.67	22.06	38.73	3.67
166	1	2002	W230000052000300	7.96	13.15	21.11	2.93
167	1	2002	W010000046000336	6.99	9.25	16.24	1.54
168	1	2002	S170002063000100	4.79	6.36	11.15	1.06
169	1	2002	T460001000000500	4.09	5.41	9.5	0.9
170	1	2002	B505000015000600	1.82	2.41	4.23	0.4
171	1	2002	R170000000011900	1.22	1.81	3.03	0.36
172	1	2002	T210000249000304	0.78	1.28	2.06	0.29
173	1	2002	B505000013000100	0.21	0.36	0.57	0.09
174	1	2002	E150000002000600	-37.79	-44.07	-81.86	-6.8
175	1	2001	L255001007000700	156.71	232.45	389.16	40.2
176	1	2001	F345000153000700	162.94	235.17	398.11	38.86
177	1	2001	L135000003001900	172.13	224.91	397.04	30.47
178	1	2001	P200000011000400	25.23	41.38	66.61	8.25
179	1	2001	S237000000001400	20.5	34.59	55.09	7.14
180	1	2001	K240000000011314	9.55	16.85	26.4	3.66

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
181	1	2001	G212000000006200	13.96	20.16	34.12	3.33
182	1	2001	W010000046000336	13.93	20.11	34.04	3.32
183	1	2001	L215500000000800	6.14	8.64	14.78	1.36
184	1	2001	S415002008001000	6.36	8.36	14.72	1.17
185	1	2001	T706000000000200	4.11	5.69	9.8	0.87
186	1	2000	L135000003001900	170.90	243.82	414.72	33.33
187	1	2000	M520000085000300	20.92	29.84	50.76	4.08
188	1	2000	W010000044001052	13.29	20.8	34.09	3.41
189	1	2000	T210000249000304	2.75	5.19	7.94	1.11
190	1	2000	N440000000001500	0.41	0.62	1.03	0.1
191	1	2000	N440000000001500	-27.5	-39.51	-67.01	-7.05
192	1	1999	L135000003001900	147.72	228.47	376.19	31.46
193	1	1999	C765000003002000	47.69	75.5	123.19	10.95
194	1	1999	S395000002000401	34.62	61.09	95.71	10.76
195	1	1999	S237000000001400	24.73	47.65	72.38	9.5
196	1	1999	1004100011000007	16.79	28.96	45.75	4.92
197	1	1999	V382000000006900	7.89	15.86	23.75	3.32
198	1	1999	T685000000005800	6.83	12.58	19.41	2.36
199	1	1999	G040000006000100	5.18	10.37	15.55	2.17
200	1	1999	H419500000006600	3.49	5.89	9.38	0.96
201	1	1998	L135000003001900	152.02	253.37	405.39	35.12
202	1	1998	C535001001000700	22.5	40.58	63.08	6.58
203	1	1998	C910000000001600	19.98	37.65	57.63	6.57
204	1	1998	A130000001003700	14.3	26.43	40.73	4.47
205	1	1998	B525000000000300	11.37	21.32	32.69	3.73
206	1	1998	B525000000000300	11.34	21.35	32.69	3.73
207	1	1998	M270002000001700	8.62	14.83	23.45	2.21
208	1	1998	1004100011000007	3.28	6.05	9.33	1.02
209	1	1998	C765000003002000	3.82	6.5	10.32	0.95
210	1	1998	V382000000006900	1.21	2.58	3.79	0.53
211	1	1998	C700000006000500	1.01	1.71	2.72	0.25
212	1	1997	L135000003001900	158.65	283.46	442.11	39.5
213	1	1997	E330000153000900	70.23	160.36	230.59	33.18
214	1	1997	R230002000003900	20.28	40.6	60.88	7.02
215	1	1997	C910000000001600	17.35	34.76	52.11	6.01
216	1	1997	E540000042001100	11.17	20.15	31.32	2.87
217	1	1997	M715000056000500	4.04	8.27	12.31	1.47
218	1	1997	S170003007001200	3.5	6.57	10.07	1.02
219	1	1997	S170003007001200	-3.5	-6.57	-10.07	-1.02
220	1	1996	L135000003001900	143.43	273.48	416.91	38.3
221	1	1996	M490000000009302	16.23	36.66	52.89	6.9
222	1	1996	C535001001000700	11.47	23.44	34.91	3.77
223	1	1996	E540000042001100	11.62	22.34	33.96	3.19
224	1	1996	G590001004002100	9.94	18.75	28.69	2.57
225	1	1995	L135000003001900	137.45	278.57	416.02	39.17

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
226	1	1995	L605000000014430	15.4	38.87	54.27	7.83
227	1	1995	M368000000004100	6.72	14.19	20.91	2.17
228	1	1995	G880000012000400	2.65	5.94	8.59	1.01
229	1	1994	B190011000002500	24.71	60.38	85.09	10.79
230	1	1994	A210000051001900	22.97	52.46	75.43	8.37
231	1	1994	G880000012000400	17.73	41.9	59.63	7.1
232	1	1994	R026300000001100	12.41	31.6	44.01	5.99
233	1	1993	W460002008000900	6.89	17.93	24.82	3.25
234	1	1992	W460002008000900	16.85	45.82	62.67	8.24
235	1	1992	W460002008000900	10.3	28.02	38.32	5.04
236	1	1990	L255001005001900	4.36	13.48	17.84	2.55
237	12	1996	M490000000009302	0.87	1.97	2.84	0.37
238	12	1996	G590001004002100	0.53	0.99	1.52	0.14
239	12	1994	B190011000002500	1.2	2.93	4.13	0.52
240	1	2013	J015000000001400	345.26	121.99	467.25	62.15
241	1	2013	N330000000004000	234.87	92.38	327.25	46.5
242	1	2012	J015000000001400	475.99	225.3	701.29	94.25
243	1	2012	N330000000004000	239.38	122.88	362.26	51.71
244	1	2012	L025000053000500	0.46	0.24	0.7	0.10
245	1	2011	N330000000004000	175.42	111.1	286.52	41.05
246	1	2011	D520003003000300	148.53	83.17	231.7	29.86
247	1	2010	J015000000001400	65.07	46.42	111.49	15.23
248	1	2005	T210000262000400	11.35	12.86	24.21	2.76
249	1	2003	C045000004000200	261.82	389.24	651.06	86.4
250	1	2003	E540000045000300	3.12	4.95	8.07	1.17
251	1	2002	C045000004000200	355.46	571.11	926.57	123.7
252	1	2001	C045000004000200	204.07	352.36	556.43	74.69
253	1	1992	L319000006001700	1.5	4.17	5.67	0.77
254	1	1991	L319000006001700	15.18	44.02	59.2	8.11
255	1	1990	L319000006001700	2.74	8.27	11.01	1.51

COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
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Edinburg, Texas 78539-6243
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EDINBURG, TEXAS 78539

October 5, 2016

Honorable Homero A. Jasso
Hidalgo County Justice of the Peace Pct. 4, Pl. 2
224 N. 12th Ave.
Edinburg, TX 78539

Re: Audit of the Justice of the Peace, Pct. 4, Pl. 2 Office
For the Period of January 1, 2014 through July 31, 2015
Audit No. 2015-54

Dear Judge Jasso:

We have completed an audit of the Justice of the Peace, Pct. 4, Pl. 2 Office pursuant to Local Government Code §115.001, §115.0035, and our annual audit plan. The objectives of the audit were to:

1. Evaluate the procedures in place for the preparation of time and attendance records; and
2. Evaluate the procedures in place for the proper accounting and safeguarding of collections.

Background

The Justices of the Peace are county officials elected to a four-year term. The major responsibility of the Justice of the Peace is to preside over the justice court, which may also function as a small claims court. Justice of the Peace courts also have jurisdiction over criminal cases as well as a number of other duties that are not judicial in nature. Justices of the Peace have original jurisdiction in criminal cases that are punishable by fine only or by a fine and a sanction not consisting of confinement or imprisonment.

Organizational Structure

The Office of the Justice of the Peace, Pct. 4, Pl. 2 consists of the Justice of the Peace and seven (7) county employees: one (1) Court Coordinator, two (2) Assistant Court Coordinators, and four (4) Court Clerks. The following is a summary of their duties:

- The Justice of the Peace presides over the court and has exclusive jurisdiction in all Class C misdemeanor cases; civil matters in which exclusive jurisdiction is not in the district or county court and in which the amount in controversy is not more than \$10,000, exclusive of interest; cases of forcible entry and detainer; and foreclosure of mortgages and enforcement of liens on personal property in cases in which the amount in controversy is otherwise within the justice court's jurisdiction. The Justice of the Peace also acts as magistrate for issuing warrants on Class A and Class B misdemeanors and felonies, and sets bail bonds.
- The Court Coordinator oversees the office operations. In addition, the Court Coordinator is responsible for handling a variety of clerical, coordination, and bookkeeping functions.
- The Assistant Court Coordinators assist the Justice of the Peace by overseeing the office operation and workflow. The Assistant Court Coordinator is responsible for handling a variety of clerical, coordination, and bookkeeping functions.
- The Court Clerks are responsible for updating court docket information, posting, sorting and processing court records, and updating ticket logs, as well as other related duties as assigned.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M SINGLETERRY
JUDGE, 92ND D.C.

RODOLFO DELGADO
JUDGE, 93RD D.C.

J R. "BOBBY" FLORES
JUDGE, 139TH D.C.

ROSE GUERRA REYNA
JUDGE, 204TH D.C.

JUAN R. PARTIDA
JUDGE, 275TH D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 332ND D.C.

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

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JUDGE, 389TH D.C.

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JUDGE, 394TH D.C.

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JUDGE, 430TH D.C.

JESSE CONTRERAS
JUDGE, 449TH D.C.

In addition to the employees noted above, a Case Manager, employed by the Edinburg Consolidated Independent School District was housed at the Justice of the Peace, Pct. 4, Pl. 2 Office during the period in review. The Case Manager was employed by the Justice of the Peace, Pct. 4, Pl. 2 Office on August 14, 2015 as a Court Clerk. The Case Manager's responsibilities were to assist in managing truancy cases for the school district.

The Case Manager was housed at the Justice of the Peace, Pct. 4, Pl. 2 Office pursuant to an interlocal agreement between Hidalgo County, the City of Edinburg and the Edinburg Consolidated Independent School District approved by Commissioners Court on September 8, 2008. According to the interlocal agreement, the Edinburg Consolidated Independent School District desired to provide at its own expense, employees to manage truancy cases.

In addition, on September 8, 2008, Commissioners Court approved interlocal agreements with Edcouch-Elsa Independent School District; Donna Independent School District; and Hidalgo Independent School District. According to the Court Coordinator, employees of the school districts were also housed at the Justice of the Peace, Pct. 4, Pl. 2 Office.

The operating budget of the Justice of the Peace, Pct. 4, Pl. 2 for the year ended December 31, 2015 was \$488,410.31.

Time and Attendance Procedures

Local Government Code §157.021(a) provides that "in a county with a population of 355,000 or more, the commissioners court may adopt and enforce uniform rules on the hours of work of department heads, assistants, deputies, and other employees whose compensation is set or approved by the court." Furthermore, in Attorney General Opinion GA-0857, the Attorney General opined that "a county commissioners court exercising its authority under Local Government Code §157.021(a) to establish a 40-hour workweek likely has authority to mandate the method of timekeeping used by county employees."

Hidalgo County has implemented the use of the Biometric Time and Attendance Application (TAAP) to collect employee daily records of time worked plus any eligible hours of paid leave and/or unpaid leave. TAAP generates timesheets and punch logs. The punch logs document employee clock in and out times. All employees are required to utilize TAAP.

The Justice of the Peace, Pct. 4, Pl. 2 Office is responsible for maintaining adequate controls to ensure the accuracy and completeness of employee time and attendance information. This includes establishing an appropriate separation of duties in the completion of time and attendance records and related documentation.

The Justice of the Peace, Pct. 4, Pl. 2 Office has implemented the use of TAAP to collect employee daily records of time worked. The timesheets are not signed by each employee and their supervisor acknowledging that the timesheet is a correct statement of the hours worked. According to the Court Coordinator, employees have access to the TAAP portal where they can review the timesheets. In addition, employees were not required to submit leave request forms and request to work compensatory time; instead, employees made a verbal request to take leave and work compensatory time.

According to the Hidalgo County Civil Service Commission Rule §7.08 "An employees' pay check is based on hours worked by the employee during the applicable work period(s), plus any eligible hours of paid leave, all as shown on a signed time and attendance record." In addition, the prescribed time and attendance record form requires the signature of the employee and supervisor certifying the hours worked.

Hidalgo County Civil Service Commission Rule §7.10 states, "each elected official/department head must require that his or her employees keep daily records of time worked and leave taken."

According to the Hidalgo County Civil Service Commission Rule §7.20, "Every request for leave must: (a) be submitted in writing to the Department Head/Elected Official, which is signed by the employee (b) clearly reflect when the requested leave is to begin and end, (c) include a brief explanation setting forth the reasons for taking the requested leave, (d) to the extent possible, be accompanied by any required documentation, such as a doctor's

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statement or military orders; and (e) be approved or disapproved in writing by the employee's supervisor, and if required, by the Department Head/Elected Official and/or the Governing Authority or its representative."

Hidalgo County Civil Service Commission Rule §7.11, states "except in unusual circumstances, the Elected Official/Department Head must have requested and approved, in advance, that an employee work extra hours or overtime hours."

Cash Handling Guidelines and Procedures

On November 10, 2010, the County Auditor's Office issued the Cash Handling Guidelines and Procedures. The cash handling guidelines prescribe the minimum required procedures for cash handling necessary for ensuring adequate internal controls and the safeguarding of public funds. Some of the requirements under the Cash Handling Guidelines and Procedures include: mail log; schedule of fees and fines; returned check notice, hot check listing; computerized receipting system username and passwords; and internal controls, including segregation of duties.

Mail Log

Mail-in payments received must be listed on a mail log. The mail log should include the following information for each mail-in payment received: date received, the name of the payer, the amount of the remittance, the form of the remittance (e.g., cash or check), and, if applicable, the check number. The employee responsible for listing the mail-in payments must sign and date the mail log to document responsibility for verifying the cash received and preparing the listing. After issuing a receipt for the mail-in payment, the cashier must enter the receipt date and receipt number issued for the mail-in payment on the mail log. An employee other than the cashier should verify that an official County receipt was issued for each mail-in payment. The employee conducting this verification must sign and date the mail log to document responsibility for the verification.

Schedule of Fees and Fines

A schedule of fees and fines that will be charged pursuant to state statutes and Commissioners Court approval must be posted in a place visible to the public near cashiers.

Returned Check Fee Notice

A notice stating "A \$__ fee will be collected on all returned checks" must be posted in a conspicuous location for the public's view.

Hot Check Listing

A listing of the names of customers whose checks have been returned by the bank ("hot checks") due to insufficient funds, closed accounts, unauthorized signatures, or drawn on uncollected funds must be maintained. The hot check list should be referenced when receiving checks from customers.

Computerized Receipting System Username and Passwords

If a computerized receipting system is used, formal procedures must be established for assigning and removing computer access rights upon employment, termination, or a change in responsibilities of an employee.

- Employees responsible for IT related functions such as assigning computer access rights should be independent of cash receipting and accounting functions.
- Unique user ID's and passwords must be assigned to each employee responsible for handling cash.
- Passwords must be changed periodically as required by the IT Security Policy.
- Sharing user ID's and passwords must be strictly prohibited.
- An employee's computer access rights must be immediately removed upon termination of employment.
- An employee's computer access rights must be immediately removed and/or modified appropriately upon a change in responsibilities.
- If the computer system is maintained by a different department (e.g., Information Technology Department or County Auditor's Office), a formal request to add, remove, and/or modify the employee's computer access rights must be sent to that department.
- Requests to add, remove, and/or modify an employee's computer access rights to *Ableterm*, the criminal case management is formally documented on the "Hidalgo County Justice Information Systems New User Form."

HIDALGO COUNTY DISTRICT JUDGES

Segregation of Duties

The management of the Justice of the Peace Pct. 4, Pl.2 Office is also responsible for maintaining sound internal controls. This includes establishing an appropriate segregation of duties regarding the handling of cash. Segregation of duties is a basic, key internal control in any organization that prevents one individual from performing a transaction from beginning to end. In addition, segregation of duties provides an individual with the opportunity to catch an error before a transaction is fully executed.

Accounting for Filed Citations and Civil Cases

The County Auditor's Office requires that a reconciliation of citations and civil cases filed at the court be conducted and formally documented. This reconciliation may be conducted and formally documented by completing a citation/civil cases filed log (log). Citations/civil cases should be entered into the case management system the same day they are received. Any exceptions should be brought to the attention of the Supervisor, placed in a locked area, and processed on the next business day. The following procedures should be followed when processing citations:

- a. The person responsible for opening the mail and/or accepting the delivery of citations/civil cases should immediately list citations/civil cases on the log before distribution to the person responsible for entering them into the case management system. Since the person responsible for entering the citations/civil cases on the case management system has recording responsibilities, he/she should not be responsible for accepting payments.
- b. The person responsible for opening the mail and/or accepting the delivery of citations/civil cases should note, at a minimum, the following on the log: date received, citation number, name of violator/plaintiff, and name of officer who issued the citation, as applicable. The person responsible for noting this information should provide his/her signature on the "Prepared by" line of the log.
- c. The person responsible for entering the citations into the case management system should enter the date of entry and docket number assigned to the citation/civil case on the log and provide his/her signature on the "Entered by" line of the log.
- d. The "New Cases" and "Cases Filed" reports for the specified date should be generated from the case management system and reconciled to the log by a person other than the person responsible for entering the citations into the case management system. Any variances should be noted on the log, with a detailed explanation, and immediately brought up to the attention of the Justice of the Peace. In addition, the person conducting this reconciliation should provide his/her signature on the log as acknowledgment of the reconciliation.
- e. Citations should be placed in the applicable file.
- f. The Justice of the Peace should request periodic reports regarding the citations filed with the courts from law enforcement agencies and reconcile the reports to the citations recorded in the case management system.
- g. Copies of the citation logs and periodic reports received from law enforcement agencies shall be maintained by the Justice of the Peace Office. This documentation shall be made available to the County Auditor's Office for review upon request.

Case Dismissal Process

Pursuant to Code of Criminal Procedures §32.02, the attorney representing the State may, by permission of the court, dismiss a criminal action at any time upon filing a written statement with the papers in the case setting out his reasons for such dismissal, which shall be incorporated in the judgment of dismissal. No case shall be dismissed without the consent of the presiding judge.

Pursuant to the Justices of the Peace Manual, Justices of the Peace may dismiss cases in criminal proceedings only when specifically authorized to do so by statute or when directed to do so by the prosecution (i.e., district attorney) in accordance with Code of Criminal Procedure Art. 32.02. All dismissals should be noted in the applicable docket book along with the reason(s) for dismissal.

A properly authorized dismissed criminal case should include in the case files and/or the docket book the following:

- Signed "Motion to Dismiss" form by the District Attorney's Office, signed "Order to Dismiss" form by the Justice of the Peace, and reason(s) for the dismissal noted on the forms and docket book; or

HIDALGO COUNTY DISTRICT JUDGES

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- Signed "Order to Dismiss" form by the Justice of the Peace, copies of documents as proof of dismissal based on the judge's discretion in accordance with state statutes (i.e., motor vehicle registration, valid driver's license, etc.), and reason(s) for the dismissal noted in the "Order to Dismiss" form and docket book.

According to the Justice of the Peace, all dismissals must be approved and signed by him. Employees are not authorized to use his signature stamp for dismissing cases. According to staff, the "Order and Motion to Dismiss Form" is prepared by staff and sent to the District Attorney's Office for signature. The Justice of the Peace signs the "Order and Motion to Dismiss Form" after the form is signed by the Assistant District Attorney. Once the "Order and Motion to Dismiss Form" is signed by the Assistant District Attorney and the Justice of the Peace, an employee will enter the dismissal into the case management system. The dismissals are normally entered on the day the form is signed by the Justice of the Peace or the next day. According to the Court Coordinator, all the employees have access to enter dismissals into the case management system.

Scope and Methodology:

The scope of our audit was limited to a review of timesheets and related leave and compensatory request forms for pay periods 2 through 17 (January 1, 2015 through July 31, 2015) and a surprise cash count conducted on August 12, 2015. In addition, we evaluated the procedures in place related to 1.) preparation of time and attendance records, 2.) the accounting and safeguarding of collections, 3.) accounting of citations and civil cases filed with the court, and 4.) dismissal of criminal cases. Our review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvements could be made.

The responsibility for establishing and maintaining a sound internal control system rests with management. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or theft, and that transactions are executed in accordance with management's authorization and recorded properly.

In planning and performing our review, we reviewed applicable statutes, procedures, and case files, interviewed staff, and sent confirmation letters. The following procedures were performed:

- Reviewed timesheets for pay period 17 (July 27, 2015 through August 9, 2015) and leave and compensatory time request forms for pay periods 2 through 17 (January 1, 2015 through July 31, 2015) to determine if the employee and supervisor signed the timesheets; leave and compensatory time recorded on the timesheets was formally documented and authorized on a leave request form or compensatory time form.
- Reviewed the "Employee Punch Log" report to determine if modifications to the "Employee Punch Log" report were formally requested and authorized.
- Conducted a surprise cash count on August 12, 2015 to determine whether total cash on hand reconciled to the total receipts issued up to the time of the cash count.
- Reviewed procedures for the accounting of citations received from law enforcement agencies and civil cases filed with the court.
- Reviewed case files and electronic docket books for judgmentally selected dismissed cases for the period of January 1, 2014 through July 31, 2015 to determine if the dismissals were properly authorized and documented.
- Reviewed a dismissed cases report generated from the case management system to determine if access to entering dismissals was limited to a few employees.
- Reviewed case files for judgmentally selected non-truancy cases dismissed by the school district employees to determine if a "Motion to Dismiss" form was signed by the District Attorney's Office and the "Order to Dismiss" form was signed by the Justice of the Peace.
- Reviewed copies of the "Hidalgo County Justice Information Systems New User Form" to verify whether access to *AbleTerm* was formally documented and properly authorized.

HIDALGO COUNTY DISTRICT JUDGES

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Conclusion:

Based on the results of our audit, we did not find any evidence of misappropriation of funds during the scope of our audit. However, the Justice of the Peace Precinct 4, Place 2 Office's lack of financial controls over many of its financial transactions could create opportunities for misappropriation to occur without detection. We concluded that the procedures in place for the preparation of time and attendance records were inadequate; therefore, we were not able to determine whether employees were properly compensated. In addition, we noted that the procedures in place for the accounting and safeguarding of collections were inadequate; therefore, we were not able to determine that all fines and fees were collected and deposited. More specifically, improvements could be made to the procedures in place for certifying and authorizing the hours worked on the time and attendance records and related information; collection and safeguarding of cash; accounting of citations received from law enforcement agencies and civil cases filed with the court; documenting the proper authorization of dismissed cases; limiting access to entering dismissals in the case management system; formally documenting requests to add, remove, and/or modify an employee's computer access rights to *Ableterm* on the "Hidalgo County Justice Information Systems New User Form." The results of our review revealed the following:

1. Time and attendance records and related information were not properly prepared as follows:

- According to the Court Coordinator, prior to pay period 17 of 2015, timesheets were not signed by the employee and supervisor certifying the hours worked. According to the Court Coordinator, who also served as the supervisor and timekeeper, only employees reviewed their timesheets for accuracy using the TAAP portal. Our review of the 10 timesheets for pay period 17 of 2015 revealed the following:
 - 6 timesheets were signed by the employee; however, they lacked the supervisor's signature.
 - 4 timesheets were not signed by the employees or supervisor. Two timesheets were for employees that resigned during the pay period.
- Leave recorded on the timesheets was not consistently recorded and authorized on a leave request form as follows:

There were 263 instances in which employees took leave.

- In 237 of 263 instances, a leave request form was not prepared.
- In 26 of 263 instances, a leave request form was prepared and we noted the following:
 - In 19 of 26 instances, leave recorded on the timesheets agreed to the leave recorded on the leave request form.
 - In 7 of 26 instances, leave recorded on the timesheets did not agree to the leave recorded on the leave request form. In all 7 instances, the leave requested on the leave request form was more than the time recorded on the timesheet.
 - In all 26 instances, the leave request forms were signed by the employee; however, 15 forms lacked the supervisor's signature.
- Compensatory time recorded on the timesheets was not requested and authorized by utilizing a compensatory time request form.

There were 360 instances in which compensatory time was recorded on the timesheets but not properly authorized. According to the Court Coordinator, employees were not required to submit a compensatory time request form.

2. Modifications made to the "Employee Punch Log" report were not formally requested and authorized.

There were 604 modifications noted on the "Employee Punch Log" report. The modifications were made by the Court Coordinator (timekeeper) or an employee of the Information Technology Department.

- All 604 modifications were not formally requested and authorized by utilizing the TAAP modification request procedure. According to the Court Coordinator, formal modification requests are not required. The modification requests are verbally communicated to the timekeeper.

HIDALGO COUNTY DISTRICT JUDGES

Of the 604 instances, 289 were modifications made to the timekeeper's own punch log. All 289 modifications were not formally requested and authorized. Of the 289 modifications:

- 268 were made by the timekeeper; and
- 21 were made by an employee of the Information Technology Department.

According to the Court Coordinator (timekeeper), there is no backup timekeeper; therefore, modifications were made by him to his own punch log. If the Court Coordinator planned to be away from the Office, the Court Coordinator requested that the IT Department make modifications to the timesheets.

3. Total cash on hand at the time of the cash count totaling \$1,652.30 did reconcile to the total receipts issued for the day up to the time of the cash count; however, we noted that the system of internal controls for the accounting and safeguarding of cash requires improvement as follows:

- A mail log was not maintained to document payments received through the mail; however, a mail log was recently implemented and it is sent to the County Auditor's Office on a monthly basis.
- A schedule of fees and fines that will be charged pursuant to state statutes and Commissioners Court approval was not posted. According to the Court Coordinator, it was his understanding that the breakdown on the receipt was sufficient.
- A notice stating "A \$ ___ fee will be collected on all returned checks" was not posted in a conspicuous location for the public's view. According to staff, the notice was removed since it contained the name of the prior District Attorney. A new notice will be requested from the District Attorney.
- A listing of the names of customers whose checks have been returned by the bank ("hot checks") due to insufficient funds, closed accounts, unauthorized signatures, or drawn on collected funds is not maintained.
- Passwords and user IDs to gain access to *AbleTerm*, the criminal case management system, for each employee were kept by the Court Coordinator and Assistant Court Coordinator. According to the Court Coordinator, the log-in information is kept on record in case the employee is unavailable and information is needed from their computer terminal.
- The Court Coordinator performs the following incompatible duties:
 - Custody: Receives money, issues receipts, opens and lists mail receipts, and balances receipts against cash drawer
 - Recording: Accounts for the numerical sequence of cash receipts, prepares billings and follows up on delinquencies, has access to dismiss cases on the case management system, and prepares reports of cash received and disbursed
 - Authorization: Verifies that voided original receipts are kept and reviewed

According to staff, segregation of duties is difficult to implement due to limited number of staff.

4. Procedures for the accounting of citations received from law enforcement agencies and civil cases filed with the court require improvement as follows:

- A reconciliation of citations and civil cases filed at the court to those recorded on the case management system was not conducted and formally documented. The reconciliation may be conducted and formally documented by completing a citation/civil cases filed log (log). Citations/civil cases should be entered into the case management system the same day they are received. Any exceptions should be brought to the attention of the Supervisor, placed in a locked area, and processed on the next business day; and
- Duties related to citations and civil cases are not properly segregated. Individuals responsible for issuing receipts (custody responsibility) were also responsible for entering citations and civil cases into the case management system (reporting responsibility).

According to staff, procedures have not been implemented due to limited number of staff.

5. Procedures for documenting and authorizing dismissal of cases require improvement as follows:

We judgmentally selected 107 of 2,140 (5%) cases dismissed during the period of January 1, 2014 through July 31, 2015 to determine if the dismissed cases were properly authorized and documented. Of the 107 cases,

HIDALGO COUNTY DISTRICT JUDGES

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14 case files could not be located and were not available for review. In addition, the file management system was not well maintained since some of the case files provided were not readily located. A review of the remaining 93 case files revealed the following:

- 82 cases files required a signed “Motion to Dismiss” form by the District Attorney’s Office, signed “Order to Dismiss” form by the Justice of the Peace, and reason(s) for the dismissal noted on the forms. Of the 82 case files:
 - 2 did not contain a “Motion to Dismiss” form signed by the District Attorney’s Office and an “Order to Dismiss” form signed by the Justice of the Peace.
 - 80 contained a “Motion to Dismiss” form signed by the District Attorney’s Office and an “Order to Dismiss” form signed by the Justice of the Peace; however, we noted that several motions to dismiss forms contained the Judge’s signature stamp instead of his original signature. According to the Justice of the Peace, all dismissals have to be signed by him. Employees are not authorized to use his signature stamp for dismissals.
- 11 case files required an “Order to Dismiss” signed by the Justice of the Peace, copies of documents as proof of dismissal based on the judge’s discretion in accordance with state statutes (i.e., motor vehicle registration, valid driver’s license, etc.), and reason(s) for the dismissal noted in the “Order to “Dismiss” form. Of the 11 case files:
 - 7 did not contain an “Order to Dismiss” by the Justice of the Peace.
 - 4 contained an “Order to Dismiss” signed by the Justice of the Peace. All 4 cases included the reason for dismissal on the “Order to Dismiss” form. For 1 of the cases, we noted that the case was dismissed on *Ableterm* 5 months before the “Order to Dismiss” was signed by the Justice of the Peace.
 - 7 did not contain the proof of dismissal.
 - 4 contained the proof of dismissal.

6. Access to entering dismissals into *AbleTerm* was not limited to as few employees as possible.

There were 2,140 cases dismissed during the period of January 1, 2014 through July 31, 2015.

- According to a report provided by the Information Technology Department, the dismissals were entered by 29 different users. Of the 29 users,
 - 6 users were employees of the 3 school districts.
 - 4 users dismissed 960 cases of which 356 cases were non-truancy (1 employee of Donna ISD dismissed 58 non-truancy cases and 3 employees of Edinburg CISD dismissed 298 non-truancy cases). According to the Court Coordinator, the school district employees had access to dismiss all types of cases, since *Ableterm* was not able to restrict access to truancy cases only.
 - 2 users dismissed only truancy cases (80 cases) (1 employee of Edinburg CISD and 1 employee of Edcouch-Elsa ISD) in *Ableterm*.
 - 8 users were identified as current Justice of the Peace Pct. 4, Pl. 2 Office employees.
 - 14 users were identified as former employees of the Justice of the Peace Pct. 4, Pl. 2 Office. It appears that the former employees’ user ID and password was utilized to enter dismissals in *Ableterm*. According to the Court Coordinator, all staff had access to enter dismissals in *AbleTerm* and a listing of passwords and user IDs for all employees was maintained by the Court Coordinator and Assistant Court Coordinator.
 - 1 user could not be identified.
- We selected 20 cases related to the non-truancy cases dismissed by the school district employees to determine if a “Motion to Dismiss” form was signed by the District Attorney’s Office and the “Order to Dismiss” form was signed by the Justice of the Peace. 4 case files could not be located and were not available for review. The results of our review for the remaining 16 case files revealed the following:
 - 4 case files did not contain a “Motion to Dismiss” form signed by the District Attorney’s Office and an “Order to Dismiss” form signed by the Justice of the Peace.
 - 12 case files contained a “Motion to Dismiss” form signed by the District Attorney’s Office and an “Order to Dismiss” form signed by the Justice of the Peace.

7. Access to *AbleTerm* was not consistently documented on the “Hidalgo County Justice Information Systems New User Form.”

HIDALGO COUNTY DISTRICT JUDGES

- Of 29 users, we were provided with 21 “Hidalgo County Justice Information Systems New User Form” by the Justice of the Peace Pct. 4, Pl. 2 Office. A review of the 21 forms revealed the following:
 - 3 were for the employees of the school districts.
 - 7 were for current employees of the Justice of the Peace Pct. 4, Pl. 2 Office.
 - 11 were for former employees of the Justice of the Peace Pct. 4, Pl. 2 Office. These individuals had not worked for the office from 2 months to 7 years.
- Copies of the “Hidalgo County Justice Information Systems New User Form” for the following 8 users were not provided:
 - 3 school district employees.
 - 1 current employee of the Justice of the Peace Pct. 4, Pl. 2 Office.
 - 3 former employees of the Justice of the Peace Pct. 4, Pl. 2 Office.
 - 1 user that could not be identified.

According to the Court Coordinator, the user forms could not be located. According to the Information Technology Department, the forms may have been destroyed.

In addition, we noted the following:

- Staff of the Justice of the Peace Pct. 4, Pl. 2 Office did not provide notice to the Information Technology Department to remove former employees’ user access.
- We requested from the Information Technology Department copies of the “Hidalgo County Justice Information Systems New User Forms.” The forms were not provided to the County Auditor’s Office. According to the Chief Information Officer, some of the user access forms were destroyed.

Recommendations:

We recommend that management develop monitoring procedures to ensure that time and attendance records, and related information, are properly prepared and collections are properly accounted and safeguarded. These procedures should include the following:

1. Ensure time and attendance records and related information are properly maintained as required by the County’s time and attendance policies. At a minimum, the procedures should require the following:
 - Time and Attendance Record forms (timesheets) are signed by the employee and supervisor certifying the hours worked prior to submittal to the County Treasurer’s Office;
 - Employees prepare a leave request form and submit it for formal approval by a supervisor prior to taking leave, unless an emergency arises and time only allows for informal approval to be obtained. If an emergency arises, the leave request form should be prepared as soon as possible; and
 - Employees prepare a formal request to work compensatory time and submit it for formal approval by a supervisor prior to working compensatory time, if possible.
2. Ensure that modifications made to the “Employee Punch Log” report are formally requested and authorized. At minimum, the procedures should require the following:
 - Modification request be submitted to the timekeeper through the TAAP portal;
 - Modification request forms are signed by the employee and supervisor certifying the modifications made to the employees’ time; and
 - Modifications made by the timekeeper to their own time is formally approved by the supervisor.
3. Ensure that procedures are in place for accounting and safeguarding of cash as follows:
 - A mail-log is maintained to document mail-in payments received.
 - A schedule of fees and fines that will be charged pursuant to state statutes and Commissioners Court approval is posted in a conspicuous location.

HIDALGO COUNTY DISTRICT JUDGES

- A notice stating that “A \$__ fee will be collected on all returned checks” is posted in a conspicuous location for the public’s view.
- A “hot check” listing is requested from the County Treasurer’s Office and referred to when accepting checks.
- Sharing user ID’s and passwords must be strictly prohibited.
- Incompatible duties are adequately segregated as follows: The individual responsible for receiving money, issuing receipts, opening and listing mail receipts, and balancing receipts against cash drawer should be different from the individual responsible for the accounting of the numerical sequence of cash receipts, preparing billings and following up on delinquencies, having access to dismiss cases on *AbleTerm*, and preparing reports of cash received and disbursed. In addition, the individuals previously noted should be different from the individual responsible for verifying that voided original receipts are kept and reviewed. If incompatible duties cannot be adequately segregated, management should ensure that compensating controls are implemented.

4. Ensure that citations and civil cases are properly accounted and reconciled as follows:

- A reconciliation of citations and civil cases filed at the court to those recorded on the case management system is conducted and formally documented; and
- Duties related to citations and civil cases are properly segregated. Individuals responsible for issuing receipts (custody responsibility) should not be responsible for entering citations and civil cases into the case management system (reporting responsibility).

If the procedures cannot be implemented, management should ensure that compensating controls are implemented.

5. Ensure dismissed cases are properly authorized and documented. At a minimum, the procedures should require:

- “Motion to Dismiss” submitted by the District Attorney’s Office, an “Order to Dismiss” signed by the Justice of the Peace, and reason(s) for the dismissal noted in the applicable docket; or
- “Order to Dismiss” and/or judgment signed by the Justice of the Peace, copies of documents as proof of dismissal based on the judge’s discretion in accordance with state statutes (i.e., copies of a commercial vehicle service logs, motor vehicle registration, valid driver’s license, etc.), and reason(s) for the dismissal noted in the applicable docket.
- The use of the signature stamp for approving any legal documents (e.g., “Motion to Dismiss”, “Order to Dismiss”, judgments, etc.) not be allowed.
- Documents supporting dismissals be reviewed by management to ensure that the proper documentation is presented by the defendant.
- All case paperwork, including proof of dismissal (i.e., insurance, inspection certificate, driver’s license, community service, jail time credit, Order and Motion to Dismiss Form, etc.) is scanned and attached to the case in the criminal case management system.
- A case is dismissed in the criminal case management system only if an “Order and Motion to Dismiss Form” has been signed by both the Assistant District Attorney and the Justice of the Peace.
- Blank “Order and Motion to Dismiss Forms” are not pre-signed by the Justice of the Peace. The “Order and Motion to Dismiss Form” should only be signed by the Justice of the Peace if it contains the docket number, defendant’s name, and District Attorney’s signature.

6. Ensure that access to enter dismissals into the criminal case management system is limited to as few employees as possible. At a minimum, the procedures should require:

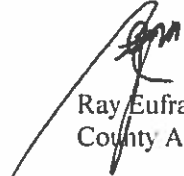
- Unique user ID’s and passwords be assigned to each employee.
- Sharing user ID’s and passwords be strictly prohibited.
- An employee’s computer access rights be immediately removed upon termination of employment.

HIDALGO COUNTY DISTRICT JUDGES

- An employee's computer access rights be immediately removed and/or modified appropriately upon a change in responsibilities.
7. Ensure that requests to add, remove, and/or modify an employee's computer access rights to the criminal case management is formally documented on the "Hidalgo County Justice Information Systems New User Form". The "Hidalgo County Justice Information Systems New User Form" should be maintained in accordance to the records retention schedule.

We would like to express our appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the audit. If you should have any questions, please call, Letty Chavez, Compliance Audit Supervisor, at 318-2511 ext. 4651, Arcy B. Duran, CPA, Director of Audit, at ext. 4645, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4604.

Respectfully,



Ray Eufrazio, CPA
County Auditor

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 92ND D.C.

RODOLFO DELGADO
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 131ST D.C.

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

JUAN R. PARTIDA
JUDGE, 273TH D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 332ND D.C.

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

ADA SALINAS FLORES
JUDGE, 396TH D.C.

ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

JESSE CONTRERAS
JUDGE, 449TH D.C.

COUNTY of HIDALGO

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2808 South Business Highway 281
Edinburg, Texas 78539-6243
PHONE: (956) 318-2511
FAX: (956) 318-2577
WEBSITE: www.co.hidalgo.tx.us/auditor



EDINBURG, TEXAS 78539

September 28, 2016

Mr. T.J. Arredondo, Director
Hidalgo County Planning Department
1304 S. 25th Street
Edinburg, Texas 78542

Ref: Cash Count
Report No. 2016-57

Dear Mr. Arredondo:

We conducted a surprise cash count of the cash held at the Planning Department's Mission Substation on September 15, 2016 as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Scope:

The scope of our review was limited to a count of the cash on hand as of the time of the cash count. Our review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvements could be made.

The responsibility for establishing and maintaining a sound internal control system rests with management. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or theft, and that transactions are executed in accordance with management's authorization and recorded properly.

As part of our procedures, we verified that cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during our walkthrough included, but were not limited to, the following: custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Total cash on hand at the time of the cash count was \$210.00. Based on the results of our review, we have concluded that generally total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund of \$150.00; however, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement as noted in the following observations.

Observation No. 1:

Security cameras are not used where cash is receipted and safeguarded. According to staff, cameras have not been purchased due to budgetary constraints.

HIDALGO COUNTY DISTRICT JUDGES

LUIS N. SMOLETERRY
JUDGE, 32ND D.C.

RODOLFO DELGADO
JUDGE, 32ND D.C.

J. R. "BOBBY" FLORES
JUDGE, 138TH D.C.

ROSE GUERRA REYNA
JUDGE, 204TH D.C.

JUAN R. PARTIDA
JUDGE, 275TH D.C.

MARIO E. RAMIREZ, JR.
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LETICIA LOPEZ
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AIDA SALINAS FLORES
JUDGE, 394TH D.C.

ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

JESSE CONTRERAS
JUDGE, 449TH D.C.

The County Auditor's Office recommends that security alarms and/or security cameras be installed in areas where cash collections and receipts are received and safeguarded. Camera images must be stored on the type of media (e.g., digital recording box, tape, DVD, etc.) and retained for the period of time recommended by the Information Technology Department. If, however, the camera images are part of an ongoing investigation, they must be retained for the period of time determined by the investigating agency.

Failure to properly utilize security cameras increases the risk of loss or misuse of County funds.

Recommendation:

Management should contact the Department of Budget and Management to request their assistance in obtaining funding for the purchase of additional security cameras.

Observation No. 2:

We noted that a unique username and password was not required to access the Building Permit Tracker information system. In addition, all users had unlimited access (read/write access) to the information system. According to staff, the Building Permit Tracker information system was not programmed to require the use of a username and password. According to staff, there will be an upgrade in software and computers in the near future. At that time, a new information system for the Building Permit Tracker will be implemented that will require unique usernames and passwords.

Access control is a key component of information security. The principle of access control is to limit access to users who have valid reasons for accessing computers, systems, or data. A users' access and privileges should be appropriate and consistent with their current job responsibilities. Electronic accounts consisting of a username and password are used to identify individuals and authenticate access to an information system.

Failure to require a unique username and password to access the Building Permit Tracker information system and limit access based on the user's current job responsibilities increases the risk of unauthorized access to the Building Permit Tracker information system.

Recommendation:

Management should ensure that a unique username and password is required to access the Building Permit Tracker information system and that access to the information system is appropriate and consistent with the user's current job responsibilities.

Please provide written management responses to the observations noted above by October 14, 2016.

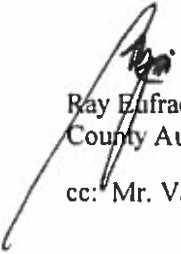
In addition, management should develop and implement procedures for the handling of cash and cash equivalent transactions and provide a copy to the County Auditor's Office. These procedures should include, at a minimum, the following:

- a. An office organizational chart;
- b. Location of cash collection points;
- c. Types of collections made by each cash collection point;
- d. A list of those positions involved with the handling of cash, a description of their duties, and description of how segregation of duties will be maintained;
- e. A complete start to finish description of the following:
 1. Process for accounting and safeguarding of the change fund, if any;
 2. Process for safeguarding cash until it is deposited;
 3. Process for accounting and safeguarding mail-in payments;
 4. Process for reconciling collections, including frequency of reconciliation;
 5. Bookkeeping system used, and how it is maintained; and
 6. Computer hardware and software used;
- f. List of the reports prepared/generated for the collection and the reporting of funds, including procedures for preparing the reports, who the reports should be submitted to, and when the reports are due;
- g. A schedule of how often deposits will be made; and
- h. Copies of any related forms/reports.

HIDALGO COUNTY DISTRICT JUDGES

We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the cash count. If you have any questions regarding this cash count or would like to schedule a meeting to discuss this cash count, please contact Letty Chavez, Compliance Audit Supervisor, at 318-2511 ext. 4651, Arcy B. Duran, CPA, Director of Audit, at ext. 4645, or me at ext. 4604.

Respectfully,



Ray Eufrazio, CPA
County Auditor

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SMOLETERRY
JUDGE, 92ND D.C.

RODOLFO DELGADO
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 138TH D.C.

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JUDGE, 430TH D.C.

JESSE CONTRERAS
JUDGE, 448TH D.C.

COUNTY of HIDALGO

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EDINBURG, TEXAS 78539

September 28, 2016

The Honorable Lazaro Gallardo, Jr., Constable
Hidalgo County, Precinct No. 3
730 N. Breyfogle Ste. B
Mission, TX 78573

Re: Cash Count
Report No. 2016-58

Dear Constable Gallardo:

We conducted a surprise cash count of the cash held at your office on September 15, 2016, as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count.

Scope:

The scope of our review was limited to a count of the cash on hand as of the time of the cash count. Our review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvements could be made.

The responsibility for establishing and maintaining a sound internal control system rests with management. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or theft, and that transactions are executed in accordance with management's authorization and recorded properly.

As part of our procedures, we verified that cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during our walkthrough included but were not limited to the following: custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

At the time of the cash count, receipts had not been issued and collections had not been made. However, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement as noted in the following observations.

Observation No. 1:

We noted during our review that security cameras were not utilized where cash is received and safeguarded. According to staff, the existing security cameras monitor the outside of the building. Security cameras for monitoring the areas where cash is received and safeguarded have not been purchased due to budgetary constraints.

The County Auditor's Office recommends that security alarms and/or security cameras be installed in areas where cash collections are received and safeguarded. Camera images must be stored on the type of media (e.g., digital recording box, tape, DVD, etc.) and retained for the period of time recommended by the Information Technology

HIDALGO COUNTY DISTRICT JUDGES

LURE M. SINGLETERRY
JUDGE, 92ND D.C.

RODOLFO DELGADO
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 139TH D.C.

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

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JUDGE, 275TH D.C.

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JUDGE, 430TH D.C.

JESSE CONTRERAS
JUDGE, 449TH D.C.

Department. If, however, the camera images are part of an ongoing investigation, they must be retained for the period of time determined by the investigating agency.

Failure to utilize security cameras where cash is received and safeguarded increases the risk of loss or misuse of County funds.

Recommendation:

Management should contact the Department of Budget and Management to request their assistance in obtaining funding for the purchase of security cameras.

Observation No. 2:

We noted during our review that segregation of duties over the handling of cash requires improvement. One of the Administrative Assistants performs the following incompatible duties:

- Custody: Receives collections, issues receipts, opens and lists mail receipts, balances receipts against cash drawer, maintains a cash drawer, prepares bank deposits, and has access to the inventory of unused receipts
- Recording: Accounts for the numerical sequence of cash receipts, maintains inventory log of unused receipts, and prepares the monthly report
- Authorization: Compares listed mail receipts to recorded cash receipts

According to staff, proper segregation of duties has not been implemented due to limited staff.

The responsibility for sound internal controls rests with management. Segregation of duties is a basic, key internal control in any organization. Segregation of duties prevents one individual from performing a transaction from beginning to end. In addition, it provides an individual with the opportunity to catch an error before a transaction is fully executed. Duties that should be segregated include: custody of assets, recording transactions, and authorization. The individual responsible for receiving collections, issuing receipts, opening and listing mail receipts, balancing receipts against cash drawer, maintaining the cash drawer, preparing bank deposits, and having access to the inventory of unused receipts should be different from the individual responsible for accounting for the numerical sequence of cash receipts, maintaining the inventory log of unused receipts, and preparing the monthly report. In addition, the individuals previously noted should be different from the individual responsible for comparing listed mail receipts to recorded cash receipts.

Maintaining segregation of duties is especially challenging for units with a small number of employees. In these cases, it is important that management institute compensating controls to cover for the lack of a basic control. In an environment with a limited number of clerical and administrative personnel, management needs to be involved in documenting, reviewing, and approving transactions, reports, and reconciliations. Adequate and timely supervision is especially important in small departments, where limited personnel may inhibit a thorough segregation of duties.

Failure to have adequate segregation of duties increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that incompatible duties such as those noted above are adequately segregated. If incompatible duties cannot be adequately segregated, management should ensure that compensating controls are implemented.

Observation No. 3:

A listing of the names of customers whose checks have been returned by the bank ("hot checks") due to insufficient funds, closed accounts, unauthorized signatures, or drawn on uncollected funds has not been requested from the County Treasurer's Office.

The County Auditor's Office requires that a listing of the names of customers whose checks have been returned by the bank ("hot checks") due to insufficient funds, closed accounts, unauthorized signatures, or drawn on uncollected funds be maintained. The hot check list should be referenced when receiving checks from customers.

Failure to maintain a hot check list may result in the loss of County funds.

HIDALGO COUNTY DISTRICT JUDGES

Recommendation:

Management should request the "hot check" listing from the County Treasurer's Office.

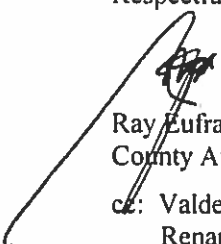
Please provide written management responses to the observations noted above by October 14, 2016.

In addition, management should develop and implement procedures for the handling of cash and cash equivalent transactions and provide a copy to the County Auditor's Office by October 14, 2016. These procedures should include, at a minimum, the following:

- a. An office organizational chart;
- b. Location of cash collection points;
- c. Types of collections made by each cash collection point;
- d. A list of those positions involved with the handling of cash, a description of their duties, and description of how segregation of duties will be maintained;
- e. A complete start to finish description of the following:
 1. Process for accounting and safeguarding of the change fund, if any;
 2. Process for safeguarding cash until it is deposited;
 3. Process for accounting and safeguarding mail-in payments;
 4. Process for reconciling collections, including frequency of reconciliation;
 5. Bookkeeping system used, and how it is maintained; and
 6. Computer hardware and software used;
- f. List of the reports prepared/generated for the collection and the reporting of funds, including procedures for preparing the reports, who the reports should be submitted to, and when the reports are due;
- g. A schedule of how often deposits will be made; and
- h. Copies of any related forms/reports.

We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the cash count. If you have any questions regarding this cash count or would like to schedule a meeting to discuss this cash count, please contact Letty Chavez, Compliance Audit Supervisor, at 318-2511 ext. 4651, Arcy B. Duran, CPA, Director of Audit, at ext. 4645, or me at ext. 4604.

Respectfully,



Ray Eufrazio, CPA
County Auditor

cc: Valde Guerra, County Executive Officer
Renan Ramirez, Hidalgo County Chief Information Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 62ND D.C.

RODOLFO DELGADO
JUDGE, 82ND D.C.

J. R. "BOBBY" FLORES
JUDGE, 138TH D.C.

ROSE GUERRA REYNA
JUDGE, 208TH D.C.

JUAN R. PARTIDA
JUDGE, 275TH D.C.

MARIO E. RAMIREZ, JR.
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JUDGE, 449TH D.C.

COUNTY of HIDALGO

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FAX: (956) 318-2577
WEBSITE: www.co.hidalgo.tx.us/auditor



EDINBURG, TEXAS 78539

September 28, 2016

The Honorable Jose M. Flores, Commissioner
Hidalgo County Precinct No. 3
724 North Breyfogle
P.O. Box 607
Mission, TX 78574

Ref: Cash Count
Report No. 2016-59

Dear Commissioner Flores:

We conducted a surprise cash count of the cash held at the Mission Sanitation Office on September 15, 2016 as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Scope:

The scope of our review was limited to a count of the cash on hand as of the time of the cash count. Our review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvements could be made.

The responsibility for establishing and maintaining a sound internal control system rests with management. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or theft, and that transactions are executed in accordance with management's authorization and recorded properly.

As part of our procedures, we verified that cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during our walkthrough included, but were not limited to, the following: custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Total cash on hand at the time of the cash count was \$500.00. Based on the results of our review, we have concluded that generally total cash on hand did reconcile to the total receipts issued up to the time of the cash count and the approved change fund of \$100.00. However, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement as noted in the following observations.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 12TH D.C.

RODOLFO DELGADO
JUDGE, 13TH D.C.

J. R. "BOBBY" FLORES
JUDGE, 13TH D.C.

ROSE GUERRA REYNA
JUDGE, 20TH D.C.

JUAN R. PARTIDA
JUDGE, 27TH D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 32ND D.C.

NOE GONZALEZ
JUDGE, 37TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 38TH D.C.

AIDA SALINAS FLORES
JUDGE, 39TH D.C.

ISRAEL RAMON, JR.
JUDGE, 43RD D.C.

JESSE CONTRERAS
JUDGE, 44TH D.C.

Observation No. 1:

We noted that manual receipts issued were not being submitted to the County Auditor's Office on a monthly basis. According to staff they were not aware that a copy of the manual receipts issued had to be submitted to the County Auditor's Office but will do so from now on.

According to the approved Cash Handling Guidelines and Procedures "If a computerized system is used, a manual back-up receipting system must be available. Pre-numbered manual receipts must be issued to customers when the computerized receipting system fails. If a manual receipting system is used, receipts will be ordered in triplicate. The first copy of the receipt must be issued to the payer, the second copy must be retained by the department, and the third copy must be submitted to the County Auditor's Office."

Failure to ensure that manual receipt copies are sent to the County Auditor's Office could result in the misstatement of collections and/or loss of County funds.

Recommendation:

Management should ensure that a copy of all manual receipts issued be sent to the County Auditor's Office on a monthly basis.

Observation No. 2:

Cameras are installed in the area where cash is receipted and safeguarded; however, a notice stating "this area is being monitored by a security camera" was not posted at the entrance of the area being monitored. According to staff, they were not aware that a notice needed to be posted. The notice was posted by staff immediately after they were notified by the County Auditor's Office.

The County Auditor's Office requires that a notice stating that an area is being monitored by a security camera be posted at the entrance to the area being monitored.

Failure to ensure that the required notice is posted increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that a notice stating "this area is being monitored by a security camera" is placed in the entrance of the area being monitored by cameras.

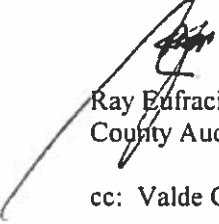
Please provide written management responses to the observations noted above by October 14, 2016. In addition, management should develop and implement procedures for the handling of cash and cash equivalent transactions and provide a copy to the County Auditor's Office by October 14, 2016. These procedures should include, at a minimum, the following:

- a. An office organizational chart;
- b. Location of cash collection points;
- c. Types of collections made by each cash collection point;
- d. A list of those positions involved with the handling of cash, a description of their duties, and description of how segregation of duties will be maintained;
- e. A complete start to finish description of the following:
 1. Process for accounting and safeguarding of the change fund, if any;
 2. Process for safeguarding cash until it is deposited;
 3. Process for accounting and safeguarding mail-in payments;
 4. Process for reconciling collections, including frequency of reconciliation;
 5. Bookkeeping system used, and how it is maintained; and
 6. Computer hardware and software used;
- f. List of the reports prepared/generated for the collection and the reporting of funds, including procedures for preparing the reports, who the reports should be submitted to, and when the reports are due;
- g. A schedule of how often deposits will be made; and
- h. Copies of any related forms/reports.

HIDALGO COUNTY DISTRICT JUDGES

We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the cash count. If you have any questions regarding this cash count or would like to schedule a meeting to discuss this cash count, please contact Ricardo Nunez, Internal Auditor I, at 956- 318-2511, ext. 4644, Letty Chavez, Compliance Audit Supervisor, at ext. 4651, Arcy B. Duran, CPA, Director of Audit, at ext. 4645, or me at ext. 4604.

Respectfully,



Ray Enfracio, CPA
County Auditor

cc: Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 92ND D.C.

RODOLFO DELGADO
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 139TH D.C.

ROSE GUERRA REYNA
JUDGE, 208TH D.C.

JUAN R. PARTIDA
JUDGE, 273RD D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 332ND D.C.

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 388TH D.C.

AIDA SALINAS FLORES
JUDGE, 398TH D.C.

ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

JESSE CONTRERAS
JUDGE, 448TH D.C.

COUNTY OF HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
Hidalgo County Administration Building
2808 South Business Highway 281
Edinburg, Texas 78539-6243
PHONE: (956) 318-2511
FAX: (956) 318-2577
WEBSITE: www.co.hidalgo.tx.us/auditor



EDINBURG, TEXAS 78539

September 28, 2015

Ms. Angie Z. Chapa, Law Librarian
Hidalgo County Law Library
100 N. Closner Blvd.
Edinburg, Texas 78539

Re: Cash Count
Audit No. 2016-61

Dear Ms. Chapa:

We conducted a surprise cash count of the cash held at your office on September 21, 2016, as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Scope:

The scope of our review was limited to a count of the cash on hand as of the time of the cash count. Our review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvements could be made.

The responsibility for establishing and maintaining a sound internal control system rests with management. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or theft, and that transactions are executed in accordance with management's authorization and recorded properly.

As part of our procedures, we verified that cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during our walkthrough included but were not limited to the following: custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Total cash on hand at the time of the cash count was \$60.50. Based on the results of our review, we have concluded that total cash on hand did reconcile to the total receipts issued for the day up to the time of the cash count and the approved change fund of \$300.00; however, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement as noted in the following observations.

Observation No. 1:

We noted during our review that segregation of duties over the collection and recording of cash requires improvement. In addition, compensating controls to cover the lack of basic internal controls have not been implemented. The Law Librarian performs the following incompatible duties:

- o Custody: Receives collections, issues receipts, balances receipts issued to cash on hand, maintains a cash drawer, and has access to inventory of unused receipts
- o Recording: Accounts for numerical sequence of cash receipts and prepares monthly reports
- o Authorization: Approves the monthly report and verifies that voided original receipts are kept and reviewed

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 12TH D.C.

RODOLFO DELGADO
JUDGE, 13TH D.C.

J. R. "BOBBY" FLORES
JUDGE, 139TH D.C.

ROSE GUERRA REYNA
JUDGE, 208TH D.C.

JUAN R. PARTIDA
JUDGE, 275TH D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 332ND D.C.

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

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JUDGE, 381TH D.C.

AIDA SALINAS FLORES
JUDGE, 394TH D.C.

ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

JESSE CONTRERAS
JUDGE, 449TH D.C.

The responsibility for sound internal controls rests with management. Segregation of duties is a basic, key internal control in any organization. Segregation of duties prevents one individual from performing a transaction from beginning to end. In addition, it provides an individual with the opportunity to catch an error before a transaction is fully executed. Duties that should be segregated include: custody of assets, recording transactions, and authorization. The individual responsible for receiving collections, issuing receipts, balancing receipts issued to cash on hand, maintaining the cash drawer, and having access to the inventory of unused receipts should be different from the individual responsible for accounting for numerical sequence of cash receipts and preparing the monthly report. In addition, the individual responsible for the responsibilities previously noted should be different than the individual responsible for approving the monthly report and verifying that voided original receipts are kept and reviewed.

Maintaining segregation of duties is especially challenging for units with a small number of employees. In these cases, it is important that management institute compensating controls to cover for the lack of a basic control. In an environment with limited numbers of clerical and administrative personnel, management needs to be involved in documenting, reviewing, and approving transactions, reports, and reconciliations. Adequate and timely supervision is especially important in small departments, where limited personnel may inhibit a thorough segregation of duties.

Formal monitoring procedures have not been developed and implemented to ensure that incompatible duties are adequately segregated or that compensating controls are implemented. Failure to have adequate segregation of duties increases the risk of loss or misuse of County revenues.

Recommendation:

Management should develop and implement formal monitoring procedures to ensure that incompatible duties are adequately segregated such as those noted above. If incompatible duties cannot be adequately segregated, management should ensure that compensating controls are implemented.

We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the cash count.

If you have any questions or would like to schedule a meeting to discuss this surprise cash count, please contact Letty Chavez, Compliance Audit Supervisor, at 318-2511 ext. 4651, Arcy B. Duran, CPA, Director of Audit, at ext. 4645, Linda Fong, First Assistant County Auditor, at ext. 4668 or me at ext. 4604.

Respectfully,



Ray Eufrazio, CPA
County Auditor

cc: Valde Guerra, County Executive Officer



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 92ND D.C.

RODOLFO DELGADO
JUDGE, 93RD D.C.

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JUDGE, 430TH D.C.

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JUDGE, 449TH D.C.

COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
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PHONE: (956) 318-2511
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WEBSITE: www.co.hidalgo.tx.us/auditor



EDINBURG, TEXAS 78539

September 30, 2016

Mr. Eduardo Olivarez, Chief Administrative Officer
Hidalgo County Health and Human Services Department
1304 S. 25th Street
Edinburg, Texas 78539

Ref: Cash Count
Report No. 2016-545

Dear Mr. Olivarez:

We conducted a surprise cash count of the cash held at the Pharr Health Clinic on September 7, 2016 as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Scope:

The scope of our review was limited to a count of the cash on hand as of the time of the cash count. Our review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvements could be made.

The responsibility for establishing and maintaining a sound internal control system rests with management. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or theft, and that transactions are executed in accordance with management's authorization and recorded properly.

As part of our procedures, we verified that cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during our walkthrough included, but were not limited to, the following: custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Total cash on hand at the time of the cash count was \$200.00. Based on the results of our review, we have concluded that total cash on hand did reconcile to the total receipts issued for the day up to the time of the cash count and the approved change fund of \$25.00. However, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement as noted in the following observations.

Observation No. 1:

We noted during our review that although security cameras are located in the lobby area and outside of the backdoor, security cameras have not been installed where cash is received and safeguarded. According to staff, security cameras have not been installed where cash is received and safeguarded due to budgetary constraints.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 92ND D.C.

RODOLFO DELGADO
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 139TH D.C.

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

JUAN R. PARTIDA
JUDGE, 275TH D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 312ND D.C.

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

AIDA SALINAS FLORES
JUDGE, 396TH D.C.

ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

JESSE CONTRERAS
JUDGE, 448TH D.C.

The County Auditor's Office recommends that security alarms and security cameras be installed in areas where cash collections and receipts are received and safeguarded. Camera images must be stored on the type of media (e.g., digital recording box, tape, DVD, etc.) and retained for the period of time recommended by the Information Technology Department. If, however, the camera images are part of an ongoing investigation, they must be retained for the period of time determined by the investigating agency. Furthermore, a notice stating that an area is being monitored by a security camera must be posted at the entrance to the area being monitored.

Failure to utilize security cameras where cash collections are received and safeguarded increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that security cameras are installed and utilized where cash is received and safeguarded. Management should contact the Department of Budget and Management to request funding assistance to purchase the security cameras.

Observation No. 2:

We noted during our review that when transporting the cash deposit to the bank, the key to the cash bag is taken by the employee responsible for making the deposit. According to staff, the key is taken by the employee to verify that the validated deposit slip corresponds to the amount being deposited. Furthermore, staff has not been informed by the Central Office that procedures need to be changed.

The County Auditor's Office requires that cash be secured in a locked cash bag when transporting deposits to the bank or County Treasurer's Office, as applicable. The courier should exercise caution when transporting deposits by not taking the key to the cash bag with them and by varying the time and the route taken.

Failure to ensure that the employee making the deposit does not take the key to the cash bag when transporting the cash deposit to the bank may result in the loss or misuse of County funds.

Recommendation:

Management should ensure that the employee making the deposit does not take the key to the cash bag when transporting the cash deposit to the bank. Furthermore, staff can request to view the validated deposit slip prior to the cash being locked by the bank teller.

Observation No. 3:

We noted during our review that fees are waived by the RN Supervisor (for immunizations only), if funds are not available to provide correct change. In addition, if a check payment is received for less than the amount due, staff will waive the remaining balance.

The County Auditor's Office requires that individuals make payment of all fees at the time services are rendered, with the exception of individuals that are deemed indigent, based on the Hidalgo County Health and Human Services Department "Income Guidelines and Schedule of Charges-Sliding Fee Schedule". In addition, a change fund in the amount necessary to maintain an effective cash handling operation should be maintained and utilized for making the appropriate change when necessary.

Failure to ensure that individuals make payment of all fees at the time services are rendered and that a change fund, in the amount necessary to maintain an effective cash handling operation, is maintained may result in the loss or misuse of county funds.

Recommendation:

Management should ensure that individuals make payment of all fees at the time services are rendered and that a change fund, in the amount necessary to maintain an effective cash handling operation, is maintained. Furthermore, management should continue to monitor the adequacy of the change fund amount and request an increase if needed. In addition, the cashier should request the payer to correct the check submitted for payment if amount written is incorrect.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M SINGLETERRY
JUDGE, 92ND D.C.

RODOLFO DELGADO
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 139TH D.C.

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

JUAN R. PARTIDA
JUDGE, 273TH D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 332ND D.C.

NOÉ GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

AIDA SALINAS FLORES
JUDGE, 394TH D.C.

ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

JESSE CONTRERAS
JUDGE, 449TH D.C.

Observation No. 4:

We noted during our review that segregation of duties over the handling of cash requires improvement. The Clerk Manager and three of the Clerk II positions perform the following incompatible duties:

- o Custody: Receive collections, issue receipts, balance copies of receipts against the cash drawer, maintain a cash drawer, prepare bank deposits, and have access to the inventory of unused cash receipts
- o Recording: Account for numerical sequence of cash receipts, maintain inventory log of unused cash receipts, and prepare reports of cash received
- o Authorization: Verify that voided original receipts are kept and reviewed

According to staff, segregation of duties is difficult to implement due to limited staff; however, staff alternates responsibilities on a daily basis depending on staff's time schedule for the day.

The responsibility for sound internal controls rests with management. Segregation of duties is a basic, key internal control in any organization. Segregation of duties prevents one individual from performing a transaction from beginning to end. In addition, it provides an individual with the opportunity to catch an error before a transaction is fully executed. Duties that should be segregated include: custody of assets, recording transactions, and authorization. The individual responsible for receiving collections, issuing receipts, balancing copies of receipts against the cash drawer, maintaining a cash drawer, preparing bank deposits, and having access to inventory of unused cash receipts should be different from the individual responsible for accounting for the numerical sequence of cash receipts, maintaining inventory log of unused cash receipts, and preparing reports of cash received. In addition, the individuals noted above should be different from the individual responsible for verifying that voided original receipts are kept and reviewed.

Maintaining segregation of duties is especially challenging for units with a small number of employees. In these cases, it is important that management institute compensating controls to cover for the lack of a basic control. In an environment with limited numbers of clerical and administrative personnel, management needs to be involved in documenting, reviewing, and approving transactions, reports, and reconciliations. Adequate and timely supervision is especially important in small departments, where limited personnel may inhibit a thorough segregation of duties.

Failure to ensure that incompatible duties are adequately segregated or that compensating controls are implemented increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that incompatible duties are adequately segregated, such as those noted above. If incompatible duties cannot be adequately segregated, management should ensure that compensating controls are implemented.

Observation No. 5:

A schedule of authorized fees was not posted in a conspicuous location for the public's view. According to staff, staff has been instructed not to post the fee schedule.

The County Auditor's Office requires that a schedule of authorized fees be posted in a conspicuous location for the public to see. The schedule sets forth those fees to be charged by the County pursuant to state statues and Commissioners Court approval.

Failure to post the required schedule increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that a schedule of authorized fees is posted in a conspicuous location for the public's view.

Please provide written management responses to the observations noted above by October 21, 2016.

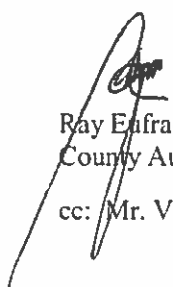
In addition, information regarding the items listed below was previously provided to our office. Please provide any updated procedures, if applicable, by October 21, 2016.

HIDALGO COUNTY DISTRICT JUDGES

- a. An office organizational chart;
- b. Location of cash collection points;
- c. Types of collections made by each cash collection point;
- d. A list of those positions involved with the handling of cash, a description of their duties, and description of how segregation of duties will be maintained;
- e. A complete start to finish description of the following:
 1. Process for accounting and safeguarding of the change fund, if any;
 2. Process for safeguarding cash until it is deposited;
 3. Process for accounting and safeguarding mail-in payments;
 4. Process for reconciling collections, including frequency of reconciliation;
 5. Bookkeeping system used, and how it is maintained; and
 6. Computer hardware and software used;
- f. List of the reports prepared/generated for the collection and the reporting of funds, including procedures for preparing the reports, who the reports should be submitted to, and when the reports are due;
- g. A schedule of how often deposits will be made; and
- h. Copies of any related forms/reports.

We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the cash count. If you have any questions regarding this cash count or would like to schedule a meeting to discuss this cash count, please contact Gricelda Quintero, Internal Auditor I, at (956) 318-2511, ext. 4643, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Arcy B. Duran, CPA, Director of Audit, at ext. 4645, or me at ext. 4604.

Respectfully,



Ray Eufrazio, CPA
County Auditor

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETARY
JUDGE, 92ND D.C.

RODOLFO DELGADO
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 139TH D.C.

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

JUAN R. PARTIDA
JUDGE, 275TH D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 332ND D.C.

NCE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
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AIDA SALINAS FLORES
JUDGE, 398TH D.C.

ISRAEL RAMICH, JR.
JUDGE, 430TH D.C.

JESSE CONTRERAS
JUDGE, 448TH D.C.