

**HCCSA Response to 2015 Single Audit  
Desk Review**

January 20, 2017

Mr. Ernest Hunt  
Director of Compliance Sub-Recipient Monitoring  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, Texas 78711

Re: Follow up to Single Audit Desk Review Conducted September 9, 2016  
For the fiscal year ended December 31, 2015

Dear Mr. Hunt:

I received your letter of January 13, 2017 in which you requested responses to points made with regard to the single audit described above. I consulted with various persons both within our organization and out and have developed the following responses for the concerns outlined in your letter. These persons included members of the independent audit team that conducted the single audit and our own accounting personnel. Please feel free to review the responses and accompanying documentation. I expect they will help to provide more clarity with regards to your agency's concerns.

- Finding #2015-001
  - Hidalgo County's General Accounting Supervisor has conducted diligent reviews of the journal entries in question. Based on that review, there appears to be no effect on departmental funds. So far, random samples of the entries in question all appear to have no effect on departmental funds. On-going reviews are in process.
  - The fiscal policies were drafted in late January, 2016. They were presented for review by the Board of Directors in April, 2016. The Advisory Board requested more time to review the issue. The policies were once again presented in October, 2016 with the Board requesting a review by the agency legal team and the County's own Office of Budget and Management. Both groups met with agency personnel and made limited changes to the document. However, beginning in January 2016, the Executive Director mandated via a verbal directive that

appropriate documentation was required of all Journal entries. This verbal mandate was a stopgap measure implemented to insure continuity of service and fiscal integrity until proper fiscal policies could be adopted. Board agendas and minutes provide documentation of these efforts. An amendment to the current fiscal policies (adopted by the Board November 2, 2106) will include specific language to mandate documentation with each journal entry.

**See Attachment A**

- Fiscal Staff who have attended ABILA Training included:  
Mr. Rolando Garcia\* – Operations Manager  
Ms. Sandra Flores\* – General Accounting Supervisor  
Mr. Amador Celedon – Payroll/AP Clerk

\* Mr. Garcia and Ms. Flores are no longer employed by the department

**See Attachment B**

- In addition, the department is in the process of utilizing CSBG -D funds to procure a consultant with expertise in the ABILA Software System. This consultant will provide training and technical assistance to those staff members within the department. Finally, as an added measure, department staff have reached out to and met with fiscal personnel from the Hidalgo County Head Start Program. They also utilize ABILA Software and are in a position to provide training and technical assistance.

**See Attachment C**

- Agency Personnel who process Departmental Funds are:

|                     |                               |
|---------------------|-------------------------------|
| Ms. Dora Rangel     | General Accounting Supervisor |
| Ms. Carina Ortega   | Accounts Payable Analyst      |
| Mr. Amador Celedon  | Payroll Accounting Specialist |
| Mr. Vidal Ramirez   | Accounts Payable Specialist   |
| Ms. Baleria Delgado | Accounting Specialist         |
| Ms. Nora Vasquez    | Finance Clerk                 |

● Finding #2015-002

- Personnel who authorize checks:

|                    |                    |
|--------------------|--------------------|
| Mr. Jaime Longoria | Executive Director |
| Vacant             | Operations Manager |
- Personnel who process checks:

|                     |
|---------------------|
| Mr. Vidal Ramirez   |
| Ms. Baleria Delgado |

Ms. Carina Ortega  
Mr. Amador Celedon

- Personnel who create checks:
    - Mr. Vidal Ramirez
    - Ms. Baleria Delgado
    - Ms. Carina Ortega
    - Mr. Amador Celedon
  - Personnel who has access to signature stamps for checks:
    - Ms. Dora Rangel
  - Personnel who are authorized to disburse checks:
    - All fiscal staff have responsibility for check disbursement
- Finding #2015-003
    - Departmental staff and independent auditors determined that the source of the funds in question are from an accrued Payroll Journal Entry that has been carried over for a number of years. Department staff are reviewing existing records. However, the agency experienced a computer crash in 2012-2013. Therefore, no records exist prior to this. Thus, it becomes virtually impossible to trace the adjustment to its original source. Personnel suspect it may have an origin in a CSBG fund. Department personnel would propose to meet with TDHCA personnel in order to determine an appropriate and final disposition of these funds.

**See Attachment D**

- Finding #2015-004
  - Hidalgo County Community Service Agency has sent Check # 73241 in the amount of \$10,154.54 to the Texas Department of Housing and Community Affairs via Fedex Overnight Service.

**See Attachment E**

- Hidalgo County Community Service Agency remits payments directly to utility providers of behalf of the approved Hidalgo County applicants. Whether due to closed accounts or variety of there reason, funds remitted by CSA to a utility vendor may not have been processed. If grant funds were returned to CSA within the same fiscal year, those funds could be used to offset subsequent cash draw

request. If grants were applicable to prior year, the returned funds should have been returned to the grantor agency.

Beginning in approximately 2012, funds returned to CSA belonging to a prior fiscal year were retained and deposited into the CSA local fund. Per discussion with the prior General Accounting Supervisor, essentially all "Other Contribution" revenues recorded in the CSA local fund were from these returned funds. Departmental personnel are currently reviewing the records. However, once again it is virtually impossible since there is little information earlier than part of 2014 to review. Department personnel would request a meeting with TDHCA personnel in order to determine an appropriate and final disposition of these funds.

**See Attachment F**

I would like to thank you in advance for your careful review of these responses. I expect they will provide further clarity with regards to your requests. I certainly welcome comments and or further questions. As always, Hidalgo County personnel stand ready to work with TDHCA staff to provide quality services for the people of Texas. I look forward to hearing from you.

Sincerely,

Jaime R. Longoria  
Executive Director