

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

January 23, 2018

The Honorable Ramon Garcia, Hidalgo County Judge
 The Honorable David L. Fuentes, Commissioner Precinct No. 1
 The Honorable Eduardo Cantu, Commissioner Precinct No. 2
 The Honorable Jose M. Flores, Commissioner Precinct No. 3
 The Honorable Joseph Palacios, Commissioner Precinct No. 4

Dear Judge and Commissioners:

Pursuant to Local Government Code Section 114.044, we are submitting for your review the following monthly reports:

Department	Fees/Costs	Description
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	\$ 2,499,012.75	July 2017 Monthly Report
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	\$ 20,371,425.45	August 2017 Monthly Report
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	\$ 1,706,591.77	September 2017 Monthly Report

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

Department	Description
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Review of the Hidalgo County Tax Collected Reports for the months of July 2017 through September 2017
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Review of Delinquent Tax Attorney Payment Request- November 2017 Report No. 2017-76
The Hon. Ricardo Rodriguez, Jr., Criminal District Attorney	Audit of the Chapter 59 Asset Forfeiture Audit Report by Attorney Representing the State for the fiscal year ended August 31, 2017 Audit No. 2017-42
Mr. Sergio Cruz, Budget Officer	Cash Count Report No. 2017-65
The Hon. Joseph Palacios, Commissioner Precinct No. 4	Edinburg Sanitation Cash Count Report No. 2017-70
The Hon. Arturo Guajardo, Jr. Hidalgo County Clerk	Main Office Cash Count Report No. 2017-533
The Hon. Arturo Guajardo, Jr. Hidalgo County Clerk	Collections Department Cash Count Report No. 2017-534
The Hon. Bobby Contreras, Justice of the Peace Pct. 2 Pl. 1	Cash Count Report No. 2017-538
The Hon. Luis Garza, Justice of the Peace Pct. 3, Pl. 1	Cash Count Report No. 2017-540
The Hon. Homero Jasso, Justice of the Peace Pct. 4 Pl. 2	Cash Count Report No. 2017-543
Mr. Eduardo Olivarez, Chief Administrator Officer Hidalgo County Health and Human Services Department	Hidalgo Health Clinic Cash Count Report No. 2017-550
Mr. Eduardo Olivarez, Chief Administrator Officer Hidalgo County Health and Human Services Department	Mission Health Clinic Cash Count Report No. 2017-551

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, 332ND D.C.

NOE GONZALEZ
 JUDGE, 370TH D.C.
 OVERSEER

LETICIA LOPEZ
 JUDGE, 389TH D.C.

L. KENO VASQUEZ
 JUDGE, 398TH D.C.

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

RENEE R. BETANCOURT
 JUDGE, 449TH D.C.

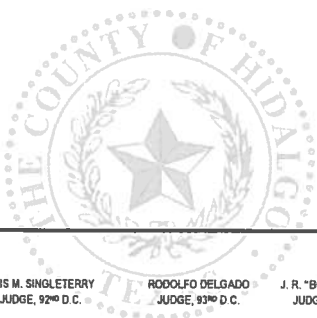
Mr. Arnold K. Patrick, Director Community Supervision and Corrections Department	Court Services (Old Administration Building) Cash Count Report No. 2017-554
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Pharr Tax Office Cash Count Audit No. 2017-556
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Elsa Tax Office Cash Count Report No. 2017-562
The Hon. Marcos Ochoa, Justice of the Peace Pct. 3 PI 2	Cash Count Report No. 2017-564

Respectfully,



Maria Arcilia Duran, CPA
 Hidalgo County Auditor

Attachments



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, 332ND D.C.
 NOE GONZALEZ JUDGE, 370TH D.C.
 LETICIA LOPEZ JUDGE, 389TH D.C.
 L. KENO VASQUEZ JUDGE, 388TH D.C.
 ISRAEL RAMON, JR. JUDGE, 430TH D.C.
 RENEE R. BETANCOURT JUDGE, 449TH D.C.

Prepared By: Abigail G. del
Date: 09/27/17
Reviewed By: [Signature] 10/14/17

**Hidalgo County Tax Office
Collections Summary
For the Month ended July 31, 2017**

Hidalgo County Tax Collections	2,489,015.62	M1-1
2017 Hospital District Funding - 4th Qtr	(0.01)	M1-1
2015/2016 Tax Year Subdivision Light Fee	11.57	M1-1
Administrative Fees Collected	9,950.11	M1-1
Road District # 2 Collections	-	M2-1
Road District # 5 Collections	33.84	M3-1
Road District # 15 Collections	1.62	M4-1
State District Collections	-	M5-1
Total Collections	<u>2,499,012.75</u>	

2,499,012.75
*A

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
 HIDALGO COUNTY TAXES COLLECTED
 JULY 2017
phc

COMPARATIVE RATE OF COLLECTIONS

HIDALGO COUNTY GHD	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2017/2018	COLLECTED 2016/2017
2017 TAX ROLL	-	-	-	-	-	#DIV/0!	0.00%
2016 & PRIOR YRS ROLLBACK	32,701,546.13 MHO 275,087.99 M1-2	1,813,147.41 MHO 31,587.72 M1-2	(211,650.43) MHO -	(68,675.15) MHO -	30,608,073.14 MHO 243,500.27 M1-2	5.59% 11.48%	5.35% 33.00%
TOTALS	32,976,634.12 M1-3	1,844,735.13 M1-3	(211,650.43) MHO	(68,675.15) MHO	30,851,573.41 M1-3		
2016 TAX ROLL	189,038,466.34 *	178,019,611.02 M1-6	-	(1,011,407.97) MHO	10,007,447.35 MHO	94.68%	

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF JULY 2017

		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX (116)	1,370,332.96 <i>d M1-5</i>	(1,959.52) CURRENT M1-10
CURRENT YEAR-P&I	204,849.19 <i>d</i>	
PRIOR YEARS-BASE TAX (15 & Prior)	1,813,147.41 <i>436,814.45 d</i>	(68,675.15) PRIOR M1-10
PRIOR YEARS-P&I	409,351.32 <i>304,452.13 d</i>	(60,715.03)
ROLLBACK BASE	31,587.72 <i>d</i>	- ROLLBACK M1-2
ROLLBACK P&I	- <i>d</i>	
ATTORNEY FEES	234,929.17 <i>d M1-9</i>	(211,650.43) PURGED M1-11
HOSPITAL DISTRICT FUNDING		
HOSPITAL DISTRICT P&I		(0.01) <i>d M1-20</i>
STREET LIGHT ADMIN FEE		4.94 <i>d M1-21</i>
LIGHT FEE - SUBDIVISIONS		11.57 <i>d M1-22</i>
SPECIAL INVENTORY FINE		1,076.00 <i>d M1-26</i>
SPECIAL INVENTORY PENALTY		5,279.40 <i>d M1-28</i>
TAX CERTIFICATE FEES		480.00 <i>d M1-30</i>
SERVICE CHG FEES		1,005.17 <i>d M1-33</i>
MISC FEES		2,104.60 <i>d M1-30</i>
TOTAL COLLECTIONS	2,489,015.62 <i>d M1-9</i>	9,961.67
LESS HCAD COMM REND. PEN. (CURR)	1,044.00 <i>d M1-9</i>	#A
LESS HCAD COMM REND. PEN. (DELTQ)	55.33 <i>d</i>	#A
LESS TRANSFERRED	1,454,854.26 <i>d M1-2; M1-55</i>	
LESS IN TRANSIT	798,132.86 <i>d M1-2; M1-55</i>	9,961.68 <i>d M1-51</i>
LESS DUE TO DEL TAX ATTY FEES	234,929.17 <i>d M1-2; M1-51</i>	
LESS DUE TO CO TREASURER	-	
LESS COURT ORDER INTEREST	-	
BALANCE	0.00	* (0.01) #A

\$0.01 overage due to overpay by Lifecare in 3rd Qtr HD Coll. Tax office intended to invoice Lifecare \$0.01 less for 4th Qtr. However, Lifecare closed. \$0.01 was taken as a credit w/ Aug HD Coll.

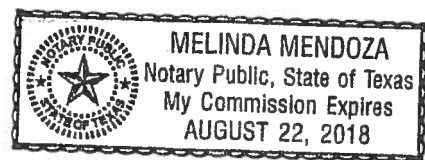
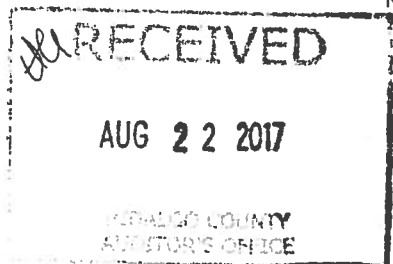
*****AFFIDAVIT*****

I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE HIDALGO COUNTY, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF JULY 2017 IS CORRECT.

Paul Villarreal Jr.
 ASSESSOR-COLLECTOR OF TAXES FOR HIDALGO COUNTY, TEXAS

SWORN AND SUBSCRIBED BEFORE ME THIS 7TH DAY OF AUGUST 2017 A.D.

Melinda Mendoza
 NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE
 APPROVED BY: *[Signature]*
 DATE: *08/20/17*

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
ROAD DIST # 2 TAXES COLLECTED
JULY 2017

PBC

COMPARATIVE RATE OF COLLECTIONS

ROAD DIST # 2
RD2

	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2017/2018	COLLECTED 2016/2017
1981 & PRIOR YRS	44.07	-	-	-	44.07	0.00%	0.00%
TOTALS	44.07	*M2-3	-*M2-3	-*M2-3	44.07	M2-4 *A	

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF JULY 2017

	MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX	- CURRENT
CURRENT YEAR-P&I	-
PRIOR YEARS-BASE TAX	- PRIOR M2-3
PRIOR YEARS-P&I	-
ROLLBACK BASE	- ROLLBACK
ROLLBACK P&I	-
ATTORNEY FEES	- PURGED
TOTAL COLLECTIONS	-
LESS HCAD COMM REND. PEN.	- dM2-2
LESS TRANSFERRED	- *A M2-4
LESS IN TRANSIT	-
LESS DUE TO DEL TAX ATTY FEES	-
LESS DUE TO CO TREASURER	-
BALANCE	- dM2-2

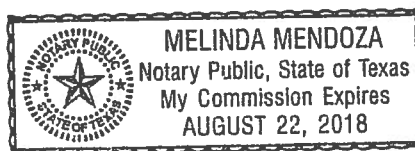
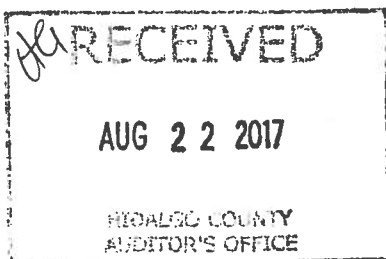
*****AFFIDAVIT*****

I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE HIDALGO COUNTY, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF JULY 2017 IS CORRECT.

Pablo Paul Villarreal Jr.
ASSESSOR-COLLECTOR OF TAXES FOR ROAD DISTRICT #2

SWORN AND SUBSCRIBED BEFORE ME THIS 7TH DAY OF AUGUST 2017 A.D.

Melinda Mendoza
NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE
APPROVED BY: *[Signature]*
DATE: 09/20/17

M2-1

PREPARED BY: MARIA FIGUEROA *mf*

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
 ROAD DIST # 5 TAXES COLLECTED
 JULY 2017
PRC

COMPARATIVE RATE OF COLLECTIONS

ROAD DIST # 5 RD5	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2017/2018	COLLECTED 2016/2017
1999 & PRIOR YRS	6,728.45	8.15	(91.16)	(6.16)	6,622.98	0.12%	33.00%
TOTALS	6,728.45 <i>M3-5</i>	8.15 <i>M3-5</i>	(91.16) <i>M3-7</i>	(6.16) <i>M3-5</i>	6,622.98 <i>M3-6</i> <i>#1</i>		

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF JULY 2017

		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX	- <i>d</i>	- CURRENT
CURRENT YEAR-P&I	- <i>d</i>	
PRIOR YEARS-BASE TAX	8.15 <i>d</i>	(6.16) PRIOR <i>M3-5</i>
PRIOR YEARS-P&I	21.87 <i>d</i>	
ROLLBACK BASE		- ROLLBACK
ROLLBACK P&I		
ATTORNEY FEES	3.82 <i>d</i>	(91.16) PURGED <i>M3-7</i>
TOTAL COLLECTIONS	33.84 <i>d</i>	(97.32) <i>M3-6</i> <i>#1</i>
LESS HCAD COMM REND. PEN.		
LESS TRANSFERRED	29.64 <i>d</i>	
LESS IN TRANSIT	0.38 <i>d</i>	
LESS DUE TO DEL TAX ATTY FEES	3.82 <i>d</i>	
LESS DUE TO CO TREASURER		
BALANCE	<i>i</i>	

*****AFFIDAVIT*****

I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE HIDALGO COUNTY, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF JULY 2017 IS CORRECT.

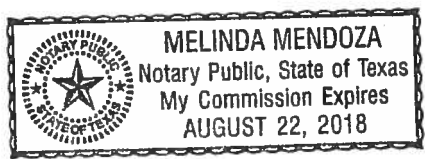
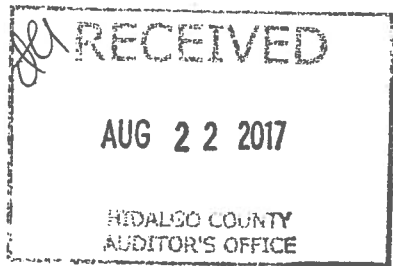
Pablo (Paul) Villarreal Jr.

 ASSESSOR-COLLECTOR OF TAXES FOR ROAD DISTRICT # 5

SWORN AND SUBSCRIBED BEFORE ME THIS 7TH DAY OF AUGUST 2017 A.D.

Melinda Mendoza

 NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE
 APPROVED BY: *[Signature]*
 DATE: 09/20/17 *11/09/17*

M3-1

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
 ROAD DIST # 15 TAXES COLLECTED
 JULY 2017
 PBC

COMPARATIVE RATE OF COLLECTIONS

ROAD DIST # 15
 RD15

	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2017/2018	COLLECTED 2016/2017
1993 & PRIOR YRS ROLLBACK	697.22	0.33	-	-	696.89	0.05%	-0.06%
	-	-	-	-	-	0.00%	0.00%
TOTALS	697.22 M4-5	0.33 M4-5	-	- M4-5	696.89 M4-5	M4-6	M4-6

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF JULY 2017

		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX	-	- CURRENT
CURRENT YEAR-P&I	-	
PRIOR YEARS-BASE TAX	0.33	- PRIOR M4-5
PRIOR YEARS-P&I	1.12	
ROLLBACK BASE	-	- ROLLBACK
ROLLBACK P&I	-	
ATTORNEY FEES	0.17	- PURGED
TOTAL COLLECTIONS	1.62	
LESS HCAD COMM REND. PEN.		M4-6
LESS TRANSFERRED	1.45	
LESS IN TRANSIT	-	
LESS DUE TO DEL TAX ATTY FEES	0.17	
LESS DUE TO CO TREASURER		
LESS PENDING JULY BALANCE	-	
BALANCE	-	

*****AFFIDAVIT*****

I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE HIDALGO COUNTY, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF JULY 2017 IS CORRECT.

Pablo Paul Villarreal Jr.

 ASSESSOR-COLLECTOR OF TAXES FOR ROAD DISTRICT # 15

SWORN AND SUBSCRIBED BEFORE ME THIS 7TH DAY OF AUGUST 2017 A.D.

Melinda Mendoza

 NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE
 APPROVED BY: *[Signature]*
 DATE: *09/20/17*

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
 STATE DIST TAXES COLLECTED
 JULY 2017
PBC

COMPARATIVE RATE OF COLLECTIONS

STATE DIST
 TEX

	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2017/2018	COLLECTED 2016/2017
1979 & PRIOR YRS	11.49	-	-	(3.27)	8.22	0.00%	0.00%
TOTALS	11.49	<i>4 MS-3</i>	<i>- 4 MS-3 (3.27)</i>	<i>MS-5 (3.27)</i>	<i>MS-3 8.22</i>	<i>MS-4</i>	<i>NA</i>

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF JULY 2017

		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX	-	- CURRENT
CURRENT YEAR-P&I	-	
PRIOR YEARS-BASE TAX	-	<i>0 (3.27) PRIOR MS-3</i>
PRIOR YEARS-P&I	-	
ROLLBACK BASE	-	- ROLLBACK
ROLLBACK P&I	-	
ATTORNEY FEES	-	<i>(3.27) PURGED MS-5</i>
TOTAL COLLECTIONS	<i>- d MS-2</i>	<i>(3.27) MS-4</i>
LESS HCAD COMM REND. PEN.	-	<i>NA</i>
LESS TRANSFERRED	-	
LESS IN TRANSIT	-	
LESS DUE TO DEL TAX ATTY FEES	-	
LESS DUE TO CO TREASURER	-	
BALANCE	<i>- d MS-2</i>	

*****AFFIDAVIT*****

I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE HIDALGO COUNTY, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF JULY 2017 IS CORRECT.

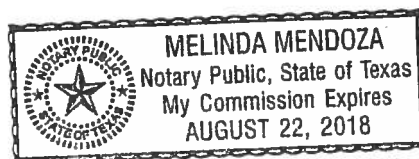
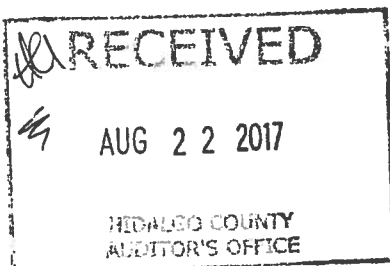
Pablo (Paul) Villarreal Jr.

 ASSESSOR-COLLECTOR OF TAXES FOR STATE DIST TAXES

SWORN AND SUBSCRIBED BEFORE ME THIS 7TH DAY OF AUGUST 2017 A.D.

Melinda Mendoza

 NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE
 APPROVED BY: *td*
 DATE: *09/20/17*

Prepared By: Abigail G. *AG*
Date: 10/25/17
Reviewed By: *[Signature]* 11/14/17

**Hidalgo County Tax Office
Collections Summary
For the Month ended August 31, 2017**

Hidalgo County Tax Collections	1,987,041.22	M1-1
2017 Hospital District Funding - 4th Qtr	18,373,478.24	M1-1
Tax Year Subdivision Light Fee	139.50	M1-1
Administrative Fees Collected	10,393.74	M1-1
Road District # 2 Collections	-	M2-1
Road District # 5 Collections	364.66	M3-1
Road District # 15 Collections	8.09	M4-1
State District Collections	-	M5-1
Total Collections	<u>20,371,425.45</u>	
	<i>#A</i>	

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
 HIDALGO COUNTY TAXES COLLECTED
 AUGUST 2017

COMPARATIVE RATE OF COLLECTIONS

HIDALGO COUNTY GHD	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2017/2018	COLLECTED 2016/2017
2017 TAX ROLL	-	-	-	-	-	#DIV/0!	0.00%
2016 & PRIOR YRS ROLLBACK	32,701,546.13 M1-10 275,087.99 M1-11	3,150,875.43 M1-10 41,724.50 M1-11	(211,650.43) M1-10	(73,190.17) M1-10	29,265,830.10 M1-10 233,363.49 M1-11	9.72% 15.17%	9.22% 28.78%
TOTALS	32,976,634.12 M1-10	3,192,599.93 M1-10	(211,650.43) M1-10	(73,190.17) M1-10	29,499,193.59 M1-10		
2016 TAX ROLL	189,038,466.34	178,926,144.89 M1-10	-	(1,013,733.37) M1-10	9,098,588.08 M1-10	95.16%	

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF AUGUST 2017

		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX (10)	906,533.87 d M1-5	(2,325.46) CURRENT M1-10
CURRENT YEAR-P&I	161,972.77 d M1-5	
PRIOR YEARS-BASE TAX (15 & Prior)	4,337,728.02 d M1-5	(4,646.02) PRIOR M1-10
PRIOR YEARS-P&I	395,446.78 d M1-5	(2,189.62) ROLLBACK M1-11
ROLLBACK BASE	10,136.78 d M1-5	
ROLLBACK P&I		
ATTORNEY FEES	243,759.64 d M1-9	- PURGED
HOSPITAL DISTRICT FUNDING		
HOSPITAL DISTRICT P&I		18,373,478.24 d M1-19
STREET LIGHT ADMIN FEE		59.05 d M1-20
LIGHT FEE - SUBDIVISIONS		139.50 d M1-21
SPECIAL INVENTORY FINE		1,365.46 d M1-27
SPECIAL INVENTORY PENALTY		5,558.45 d M1-29
TAX CERTIFICATE FEES		460.00 d M1-31
SERVICE CHG FEES		929.88 d M1-31
MISC FEES		2,020.90 d M1-37
TOTAL COLLECTIONS	1,987,041.22 d M1-9	18,384,011.48
LESS HCAD COMM REND. PEN. (CURR)	(540.80) d M1-5	
LESS HCAD COMM REND. PEN. (DELQ)	64.69 d M1-5	
LESS TRANSFERRED	1,233,086.94 d M1-2; M1-5	5,424,881.78 d M1-48
LESS IN TRANSIT	510,670.75 d M1-2; M1-5	12,959,129.69 d M1-55
LESS DUE TO DEL TAX ATTY FEES	243,759.64 d M1-2; M1-5	
LESS DUE TO CO TREASURER		
LESS COURT ORDER INTEREST		
BALANCE	0.00	0.00

*****AFFIDAVIT*****

I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE HIDALGO COUNTY, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF AUGUST 2017 IS CORRECT.

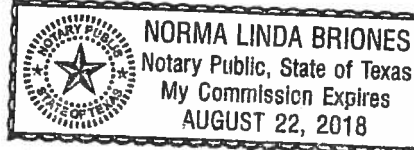
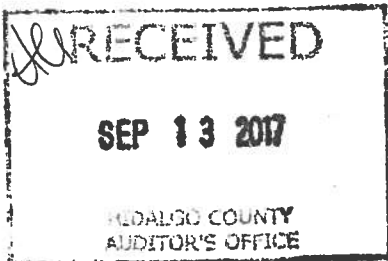
Pablo (Paul) Villarreal Jr.

 ASSESSOR-COLLECTOR OF TAXES FOR HIDALGO COUNTY, TEXAS



SWORN AND SUBSCRIBED BEFORE ME THIS 8TH DAY OF SEPTEMBER 2017 A.D.

 NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE

APPROVED BY: *[Signature]*
 DATE: *10/24/17*

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
ROAD DIST # 2 TAXES COLLECTED
AUGUST 2017

PBC

COMPARATIVE RATE OF COLLECTIONS

ROAD DIST # 2
RD2

	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2017/2018	COLLECTED 2016/2017
1981 & PRIOR YRS	44.07	-	-	-	44.07	0.00%	0.00%
TOTALS	44.07	M2-3	- M2-3	-	M2-3 #A	M2-4	

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF AUGUST 2017

		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX	-	- CURRENT
CURRENT YEAR-P&I	-	-
PRIOR YEARS-BASE TAX	-	- PRIOR M2-3
PRIOR YEARS-P&I	-	-
ROLLBACK BASE	-	- ROLLBACK
ROLLBACK P&I	-	-
ATTORNEY FEES	-	- PURGED
TOTAL COLLECTIONS	- M2-2	- M2-4
LESS HCAD COMM REND. PEN.	-	-
LESS TRANSFERRED	-	-
LESS IN TRANSIT	-	-
LESS DUE TO DEL TAX ATTY FEES	-	-
LESS DUE TO CO TREASURER	-	-
BALANCE	- M2-2	

*****AFFIDAVIT*****

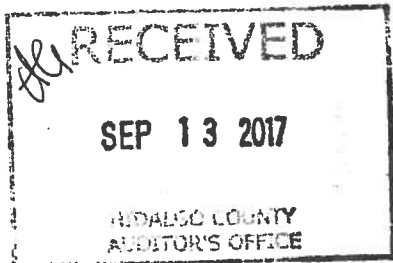
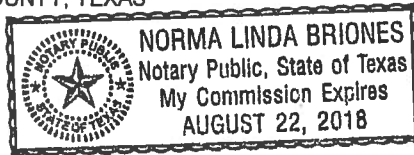
I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE HIDALGO COUNTY, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF AUGUST 2017 IS CORRECT.

Pablo (Paul) Villarreal Jr.
ASSESSOR-COLLECTOR OF TAXES FOR ROAD DISTRICT # 2



SWORN AND SUBSCRIBED BEFORE ME THIS 8TH DAY OF SEPTEMBER 2017 A.D.

[Signature]
NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE
APPROVED BY: *[Signature]*
DATE: 10/23/17 *ABD*

M2-1

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
 ROAD DIST # 5 TAXES COLLECTED
 AUGUST 2017
 PBC

COMPARATIVE RATE OF COLLECTIONS

ROAD DIST # 5 RDS	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2017/2018	COLLECTED 2016/2017
1999 & PRIOR YRS	6,728.45	93.19	(91.16)	0.77	6,544.87	1.40%	0.43%
TOTALS	6,728.45 <i>M3-7</i>	93.19 <i>M3-7</i>	(91.16) <i>M3-7</i>	0.77 <i>M3-7</i>	6,544.87 <i>M3-8</i> <i>#A</i>		

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF AUGUST 2017

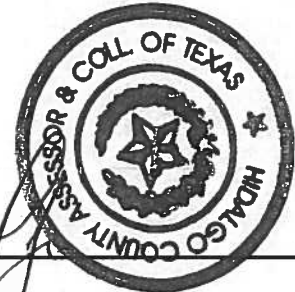
		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX	-	- CURRENT
CURRENT YEAR-P&I	-	
PRIOR YEARS-BASE TAX	85.04 <i>d</i>	6.93 PRIOR <i>M3-7</i>
PRIOR YEARS-P&I	232.51 <i>d</i>	
ROLLBACK BASE	-	- ROLLBACK
ROLLBACK P&I	-	
ATTORNEY FEES	47.11 <i>d</i>	- PURGED
TOTAL COLLECTIONS	364.66 <i>d</i>	6.93 <i>M3-8</i> <i>#A</i>
LESS HCAD COMM REND. PEN.	-	
LESS TRANSFERRED	312.99 <i>d</i>	
LESS IN TRANSIT	4.56 <i>d</i>	
LESS DUE TO DEL TAX ATTY FEES	47.11 <i>d</i>	
LESS DUE TO CO TREASURER		
BALANCE	<i>λ</i>	

*****AFFIDAVIT*****

I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE HIDALGO COUNTY, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF AUGUST 2017 IS CORRECT.

Pablo Paul Villarreal Jr.

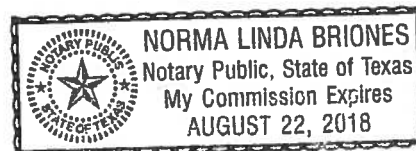
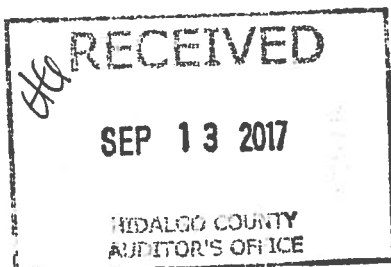
 ASSESSOR-COLLECTOR OF TAXES FOR ROAD DISTRICT # 5



SWORN AND SUBSCRIBED BEFORE ME THIS 8TH DAY OF SEPTEMBER 2017 A.D.

N. L. Briones

 NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE
 APPROVED BY: *He [Signature]*
 DATE: 10/23/17 *[Signature]*

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
 ROAD DIST # 15 TAXES COLLECTED
 AUGUST 2017

PBC

COMPARATIVE RATE OF COLLECTIONS

ROAD DIST # 15
 RD15

	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2017/2018	COLLECTED 2016/2017
1993 & PRIOR YRS ROLLBACK	697.22	2.08	-	-	695.14	0.30%	0.08%
	-	-	-	-	-	0.00%	0.00%
TOTALS	697.22	2.08	-	-	695.14		

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF AUGUST 2017

		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX	-	- CURRENT
CURRENT YEAR-P&I	-	-
PRIOR YEARS-BASE TAX	1.75	- PRIOR M4-5
PRIOR YEARS-P&I	5.32	-
ROLLBACK BASE	-	- ROLLBACK
ROLLBACK P&I	-	-
ATTORNEY FEES	1.02	- PURGED
TOTAL COLLECTIONS	8.09	- M4-6
LESS HCAD COMM REND. PEN.	-	
LESS TRANSFERRED	1.45	
LESS IN TRANSIT	5.62	
LESS DUE TO DEL TAX ATTY FEES	1.02	
LESS DUE TO CO TREASURER	-	
LESS PENDING JULY BALANCE	-	
BALANCE	-	

*****AFFIDAVIT*****

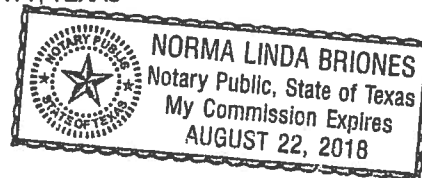
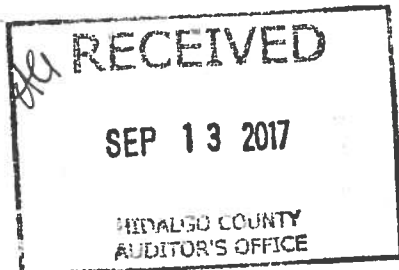
I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE HIDALGO COUNTY, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF AUGUST 2017 IS CORRECT.

ASSESSOR-COLLECTOR OF TAXES FOR ROAD DISTRICT # 15



SWORN AND SUBSCRIBED BEFORE ME THIS 8TH DAY OF SEPTEMBER 2017 A.D.

NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE
 APPROVED BY: [Signature]
 DATE: 10/23/17

M41

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
 STATE DIST TAXES COLLECTED
 AUGUST 2017

DBC

COMPARATIVE RATE OF COLLECTIONS

STATE DIST
 TEX

	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2017/2018	COLLECTED 2016/2017
1979 & PRIOR YRS	11.49	-	-	(3.27)	8.22	0.00%	0.00%
TOTALS	11.49	MS-3	MS-3	(3.27) MS-3	8.22 MS-4		

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF AUGUST 2017

		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX	-	- CURRENT
CURRENT YEAR-P&I	-	-
PRIOR YEARS-BASE TAX	-	- PRIOR MS-3
PRIOR YEARS-P&I	-	-
ROLLBACK BASE	-	- ROLLBACK
ROLLBACK P&I	-	-
ATTORNEY FEES	-	- PURGED
TOTAL COLLECTIONS	- dms-2	- d MS-4
LESS HCAD COMM REND. PEN.	-	
LESS TRANSFERRED	-	
LESS IN TRANSIT	-	
LESS DUE TO DEL TAX ATTY FEES	-	
LESS DUE TO CO TREASURER	-	
BALANCE	- dms-2	

*****AFFIDAVIT*****

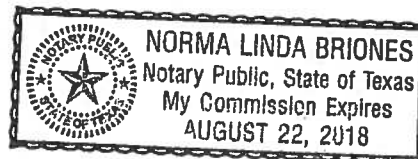
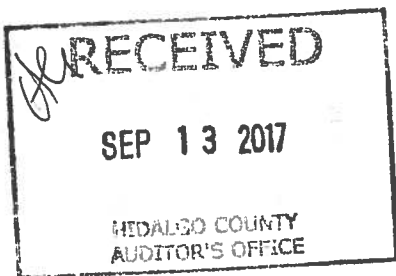
I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE HIDALGO COUNTY, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF AUGUST 2017 IS CORRECT.

ASSESSOR-COLLECTOR OF TAXES FOR STATE DIST TAXES



SWORN AND SUBSCRIBED BEFORE ME THIS 8TH DAY OF SEPTEMBER 2017 A.D.

NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE
 APPROVED BY: [Signature]
 DATE: 10/23/17

MS-1

Prepared By: Abigail G. *AG*
Date: 11/07/17
Reviewed By: *[Signature]* 11/14/17

**Hidalgo County Tax Office
Collections Summary
For the Month ended September 30, 2017**

Hidalgo County Tax Collections	1,339,673.93	M1-1
2017 Hospital District Funding - 4th Qtr	354,383.59	M1-1
Tax Year Subdivision Light Fee	5.10	M1-1
Administrative Fees Collected	12,377.11	M1-1
Road District # 2 Collections	-	M2-1
Road District # 5 Collections	151.67	M3-1
Road District # 15 Collections	0.37	M4-1
State District Collections	-	M5-1
Total Collections	<u>1,706,591.77</u>	

TA

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
 HIDALGO COUNTY TAXES COLLECTED
 SEPTEMBER 2017

COMPARATIVE RATE OF COLLECTIONS

HIDALGO COUNTY GHD	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2017/2018	COLLECTED 2016/2017
2017 TAX ROLL	-	-	-	-	-	#DIV/0!	0.00%
2016 & PRIOR YRS ROLLBACK	32,701,546.13	3,971,880.72	(211,650.43)	(304,317.75)	28,213,697.23	12.34%	11.91%
TOTALS	32,976,634.12	4,064,304.64	(211,650.43)	212,235.35	28,912,914.40	11.67%	30.10%
2016 TAX ROLL	189,038,466.34	179,481,534.08	-	(1,143,617.76)	8,413,314.50	95.52%	

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF SEPTEMBER 2017

		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX (116)	555,389.19 d MI-5	(129,884.39) CURRENT MI-10
CURRENT YEAR-P&I	125,948.12 d MI-5	
PRIOR YEARS-BASE TAX (15 1/2 Prior)	824,005.20 d MI-5	(231,127.58) PRIOR MI-10
PRIOR YEARS-P&I	294,450.48 d MI-5	(101,242.19) ROLLBACK MI-11
ROLLBACK BASE	50,699.42 d MI-10	516,553.10 ROLLBACK MI-11
ROLLBACK P&I	(2,290.67) d MI-10	
ATTORNEY FEES	179,109.41 d MI-9	- PURGED
HOSPITAL DISTRICT FUNDING		
HOSPITAL DISTRICT P&I		354,383.59 d MI-9
STREET LIGHT ADMIN FEE		3.12 d MI-20
LIGHT FEE - SUBDIVISIONS		5.10 d MI-21
SPECIAL INVENTORY FINE		1,699.31 d MI-23
SPECIAL INVENTORY PENALTY		5,732.36 d MI-25
TAX CERTIFICATE FEES		280.00 d MI-27
SERVICE CHG FEES		1,121.32 d MI-29
MISC FEES		3,541.00 d MI-33
TOTAL COLLECTIONS	1,339,673.93 d MI-9	366,765.80
LESS HCAD COMM REND. PEN. (CURR)	1,132.28 d MI-18	285,425.52 MI-12
LESS HCAD COMM REND. PEN. (DELQ)	61.49 d MI-18	0.00
LESS TRANSFERRED	621,628.03 d MI-2:	354,383.59 d MI-41
LESS IN TRANSIT	537,742.72 d MI-2:	12,382.21 d MI-44
LESS DUE TO DEL TAX ATTY FEES	179,109.41 d MI-2:	
LESS DUE TO CO TREASURER		
LESS COURT ORDER INTEREST		
BALANCE	0.00	0.00

*****AFFIDAVIT*****

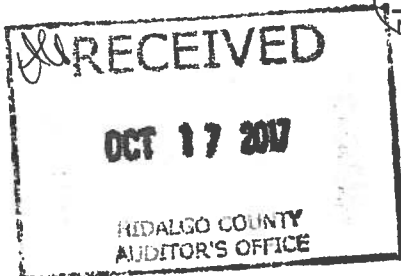
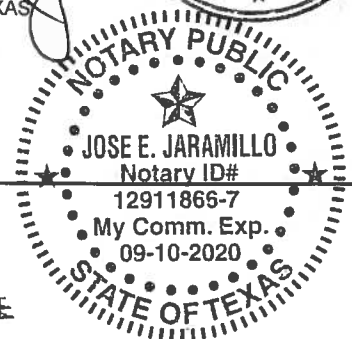
I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE HIDALGO COUNTY, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF SEPTEMBER 2017 IS CORRECT.

Pablo (Paul) Villarreal Jr.
 ASSESSOR-COLLECTOR OF TAXES FOR HIDALGO COUNTY, TEXAS



SWORN AND SUBSCRIBED BEFORE ME THIS 11TH DAY OF OCTOBER 2017 A.D.

Jose E. Jaramillo
 NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE
 APPROVED BY: *[Signature]*
 DATE: 10/13/17

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
 ROAD DIST # 2 TAXES COLLECTED
 SEPTEMBER 2017

PBC

COMPARATIVE RATE OF COLLECTIONS

ROAD DIST # 2
 RD2

	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2017/2018	COLLECTED 2016/2017
1981 & PRIOR YRS	44.07	-	-	-	44.07	0.00%	0.00%
TOTALS	44.07	M2-3	M2-3	-	M2-3 #A	M2-4	#A

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF SEPTEMBER 2017

		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX	-	- CURRENT
CURRENT YEAR-P&I	-	-
PRIOR YEARS-BASE TAX	-	- PRIOR M2-3
PRIOR YEARS-P&I	-	-
ROLLBACK BASE	-	- ROLLBACK
ROLLBACK P&I	-	-
ATTORNEY FEES	-	- PURGED
TOTAL COLLECTIONS	- M2-2	- M2-4
LESS HCAD COMM REND. PEN.	-	#A
LESS TRANSFERRED	-	
LESS IN TRANSIT	-	
LESS DUE TO DEL TAX ATTY FEES	-	
LESS DUE TO CO TREASURER	-	
BALANCE	- M2-2	

*****AFFIDAVIT*****

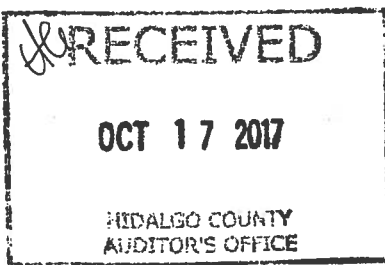
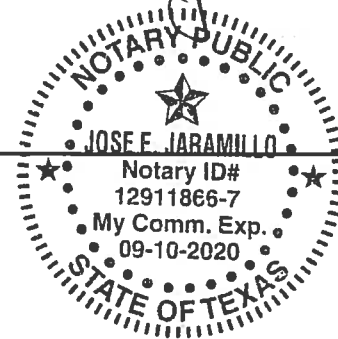
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ASSESSOR-COLLECTOR OF TAXES FOR ROAD DISTRICT #2



SWORN AND SUBSCRIBED BEFORE ME THIS 11TH DAY OF OCTOBER 2017 A.D.

NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE
 APPROVED BY: [Signature]
 DATE: 10/30/17

M2-1

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
 ROAD DIST # 5 TAXES COLLECTED
 SEPTEMBER 2017

COMPARATIVE RATE OF COLLECTIONS

ROAD DIST # 5
 RD5

	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT COLLECTED 2017/2018	COLLECTED 2016/2017
1999 & PRIOR YRS	6,728.45	129.58	(91.16)	(75.92)	6,431.79	1.97%	0.74%
TOTALS	6,728.45	129.58	(91.16)	(75.92)	6,431.79		

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF SEPTEMBER 2017

		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX	- d	- CURRENT
CURRENT YEAR-P&I	- d	
PRIOR YEARS-BASE TAX	36.39 d	(76.69) PRIOR
PRIOR YEARS-P&I	96.68 d	M3-7
ROLLBACK BASE	-	- ROLLBACK
ROLLBACK P&I	-	
ATTORNEY FEES	18.60 d	- PURGED
TOTAL COLLECTIONS	151.67 d	(76.69) M3-8
LESS HCAD COMM REND. PEN.	-	†A
LESS TRANSFERRED	72.53 d	
LESS IN TRANSIT	60.54 d	
LESS DUE TO DEL TAX ATTY FEES	18.60 d	
LESS DUE TO CO TREASURER		
BALANCE	λ	

*****AFFIDAVIT*****

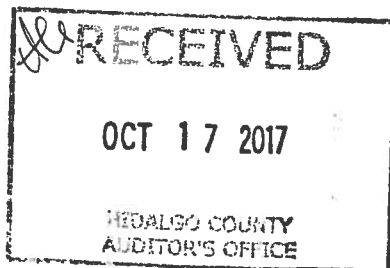
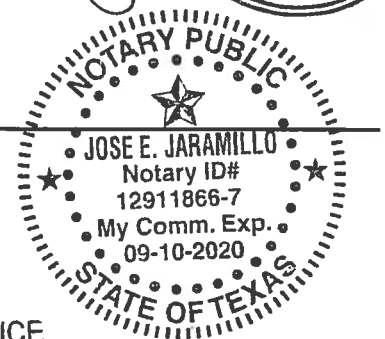
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Pablo Villarreal Jr.
 ASSESSOR-COLLECTOR OF TAXES FOR ROAD DISTRICT # 5



SWORN AND SUBSCRIBED BEFORE ME THIS 11TH DAY OF OCTOBER 2017 A.D.

Jose E. Jaramillo
 NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE
 APPROVED BY: *[Signature]*
 DATE: 10/30/17 *[Signature]*

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
 ROAD DIST # 15 TAXES COLLECTED
 SEPTEMBER 2017

PBC

COMPARATIVE RATE OF COLLECTIONS

ROAD DIST # 15
 RD15

	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT COLLECTED 2017/2018	COLLECTED 2016/2017
1993 & PRIOR YRS ROLLBACK	697.22	2.18	-	-	695.04	0.31%	0.08%
	-	-	-	-	-	0.00%	0.00%
TOTALS	697.22 M45	2.18 M45	-	- M45	695.04 M45 #A	M46	

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF SEPTEMBER 2017

		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX	-	- CURRENT
CURRENT YEAR-P&I	-	
PRIOR YEARS-BASE TAX	0.10	- PRIOR M4-5
PRIOR YEARS-P&I	0.23	
ROLLBACK BASE	-	- ROLLBACK
ROLLBACK P&I	-	
ATTORNEY FEES	0.04	- PURGED
TOTAL COLLECTIONS	0.37	- M46 #A
LESS HCAD COMM REND. PEN.		
LESS TRANSFERRED	0.29	
LESS IN TRANSIT	0.04	
LESS DUE TO DEL TAX ATTY FEES	0.04	
LESS DUE TO CO TREASURER		
LESS PENDING JULY BALANCE		
BALANCE	-	

*****AFFIDAVIT*****

I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE HIDALGO COUNTY, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF SEPTEMBER 2017 IS CORRECT.

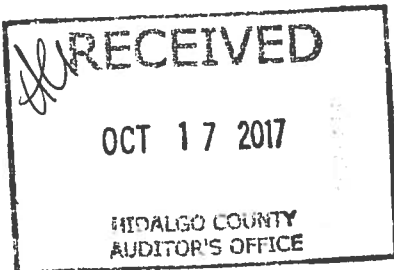
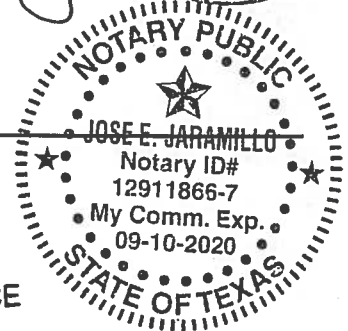
Pablo Paul Villarreal Jr.

 ASSESSOR-COLLECTOR OF TAXES FOR ROAD DISTRICT # 15

SWORN AND SUBSCRIBED BEFORE ME THIS 11TH DAY OF OCTOBER 2017 A.D.

Jose E. Jaramillo

 NOTARY PUBLIC, HIDALGO COUNTY, TEXAS



HIDALGO COUNTY AUDITOR'S OFFICE
 APPROVED BY: *[Signature]*
 DATE: 10/30/17



PREPARED BY: MARIA FIGUEROA

PABLO "PAUL" VILLARREAL JR., ASSESSOR & COLLECTOR
 STATE DIST TAXES COLLECTED
 SEPTEMBER 2017

COMPARATIVE RATE OF COLLECTIONS

STATE DIST
 TEX

	ORIGINAL TAX LEVY	COLLECTED TO DATE	DROPPED YRS AFTER PURGE	MODIF. TO DATE	TAXES OUTSTANDING	PERCENT 2017/2018	COLLECTED 2016/2017
1979 & PRIOR YRS	11.49	-	(3.27)	-	8.22	0.00%	5.37%
TOTALS	11.49 MS-3	MS-3	(3.27) MS-3	MS-3	8.22 MS-4 #A		

BREAKDOWN OF TAX COLLECTIONS AND FEES FOR THE MONTH OF SEPTEMBER 2017

		MONTHLY MODIFICATIONS
CURRENT YEAR-BASE TAX	-	- CURRENT
CURRENT YEAR-P&I	-	-
PRIOR YEARS-BASE TAX	-	- PRIOR MS-3
PRIOR YEARS-P&I	-	-
ROLLBACK BASE	-	- ROLLBACK
ROLLBACK P&I	-	-
ATTORNEY FEES	-	- PURGED
TOTAL COLLECTIONS	- MS-2	- MS-4
LESS HCAD COMM REND. PEN.	-	
LESS TRANSFERRED	-	
LESS IN TRANSIT	-	
LESS DUE TO DEL TAX ATTY FEES	-	
LESS DUE TO CO TREASURER	-	
BALANCE	- MS-2	

*****AFFIDAVIT*****

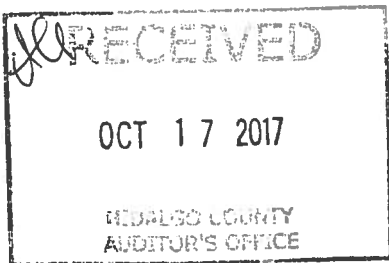
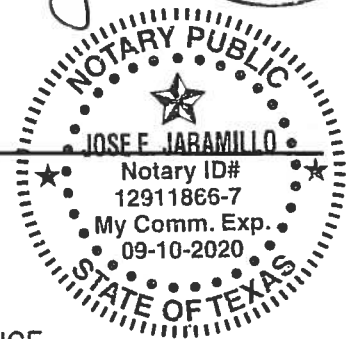
I, PABLO "PAUL" VILLARREAL JR., ASSESSOR-COLLECTOR OF TAXES FOR THE HIDALGO COUNTY, DO SOLEMNLY SWEAR THAT THE ABOVE STATEMENT OF TAXES COLLECTED BY ME FOR THE MONTH OF SEPTEMBER 2017 IS CORRECT.

Pablo Paul Villarreal Jr.
 ASSESSOR-COLLECTOR OF TAXES FOR STATE DIST TAXES



SWORN AND SUBSCRIBED BEFORE ME THIS 11TH DAY OF OCTOBER 2017 A.D.

Jose E. Jaramillo
 NOTARY PUBLIC, HIDALGO COUNTY, TEXAS

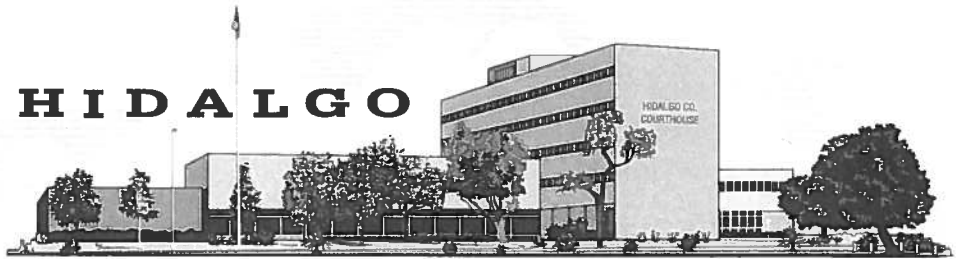


HIDALGO COUNTY AUDITOR'S OFFICE
 APPROVED BY: *[Signature]*
 DATE: 10/20/17

MS-1

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

January 11, 2018

The Honorable Pablo Villarreal, Jr., RTA
Hidalgo County Tax Assessor/Collector
County Administration Building
2804 South Business Highway 281
Edinburg, Texas 78539

Re: Review of the *Hidalgo County Tax Collected Reports*
For the months of July 2017 through September 2017

Dear Mr. Villarreal:

We have conducted a limited scope review of the *Hidalgo County Tax Collected Reports* for the County of Hidalgo (GHD), Road District No. 2 (RD2), Road District No. 5 (RD5), Road District No. 15 (RD15), and State District (TEX) taxing entities and supporting documentation for the month of July 2017 through September 2017 pursuant to Local Government Code §115.002 (a) and (b) and Local Government Code §115.901. The objective of the review was to determine if taxes, penalties, interest, and fees collected were properly accounted and reported.

Scope:

The scope of our review was limited to collections reported by your office on the *Hidalgo County Deposit Status Report – All Locations* and the *Hidalgo County Tax Collected Reports* for the County of Hidalgo (GHD), Road District No. 2 (RD2), Road District No. 5 (RD5), Road District No. 15 (RD15), and State District (TEX) taxing entities.

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 applicable statutes and reports. The following procedures were performed:

- Reviewed the submittal date of the *Hidalgo County Tax Collected Report* to the County Auditor's Office to determine if the report and supporting documentation were received within fifteen or twenty-five days, as applicable, after the last day of the month pursuant to Tax Code §31.10 (a) and whether the report was made under oath.
- Verified the signature on the *Hidalgo County Tax Collected 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 *Tax Collected Report* by footing and cross-footing the report.

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, 275TH D.C.

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

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JUDGE, 398TH D.C.

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

RENEE R. BETANCOUR
JUDGE, 449TH D.C.

- Verified that taxes collected per the *Hidalgo County Tax Collected Report* agreed to: 1.) total collections per *ACT's Deposit Distribution Report* (Report No. TC298-D); 2.) total deposits made with the County Treasurer; and 3.) total deposits posted to *alio's* Undistributed Receipts general ledger account.
- Verified that modifications to the tax levy per the *Hidalgo County Tax Collected Report* agreed to: modifications made to the tax levy per *ACT's Tax Collector Monthly Report* (Report No. TC168) for each entity.
- Compared the *Hamer Enterprise Online Credit Card Payment Report* to the *Hidalgo County Deposit Status Report – All Locations* to ensure all online credit card transactions received within the period in review were timely receipted.
- Compared the *Electronic Check BMI 147 Report* to the *Hidalgo County Deposit Status Report – All Locations* to ensure all online e-check transactions received within the period in review were timely receipted.
- Reviewed the *Hidalgo County Tax Collected Report* and County Treasurer receipts to determine whether collections were properly accounted and deposited with the County Treasurer in a timely manner.
- Reviewed deposits that did not agree to the *Hidalgo County Deposit Status Report – All Locations* report to determine if the shortages were replenished and/if overages were deposited to the general fund as miscellaneous revenue.
- Reviewed selected validated deposit slips to determine if the deposit composition (cash, checks, credit card payments) agreed to the total of the applicable payment method listed on the *Hidalgo County Deposit Status Report – All Locations* report.

Conclusion:

Total collections for the months of July 2017 through September 2017 as reported on the *Hidalgo County Tax Collected Reports* for the County of Hidalgo (GHD), Road District No. 2 (RD2), Road District No. 5 (RD5), Road District No. 15 (RD15), and State District (TEX) taxing entities were \$2,499,012.75, \$20,371,425.45, and \$1,706,591.77, respectively. Based on the results of our review, we have concluded that taxes, penalties, interest, and fees collected were generally properly accounted and reported; however, the system of internal controls for the accounting of collections requires improvement as noted in the following observation.

Observation No. 1:

We noted during our review that total deposits did not agree to the amount collected per the “Deposit Control” report, as follows:

- Deposits were short a total of \$136.64.
 - Net shortages totaling \$13.14 (July 2017); \$101.23 (August 2017); and \$22.27 (September 2017) were replenished with funds in the Cashier Over/Short balance sheet accounts.
- Deposits were over a total of \$74.22.
 - Net overages totaling \$27.72 (July 2017); \$25.88 (August 2017); and \$20.62 (September 2017) were placed in the Cashier Over/Short balance sheet accounts.

According to staff, overages will not be remitted to the County Treasurer’s Office as miscellaneous revenue for the time being. Overages are deposited to the Tax General bank account and credited to the Cashier Over/Short balance sheet account. The funds are utilized to replenish collection shortages, if any. As of September 2017, the Tax Office General balance sheet account Cashier Over/Short had a debit balance (shortage) of \$907.94.

The County Auditor’s Office requires cash receipts be deposited intact on a daily basis. In addition, overages should be remitted to the County Treasurer’s Office as miscellaneous revenue. If a shortage occurs and criminal conduct is suspected, regardless of the amount, the shortage must be immediately reported to the County Auditor’s Office and the Sheriff’s Office. Shortages should be replenished or a request for indemnification be made to Commissioners Court pursuant to Local Government Code §157.903. Local Government Code §157.903 authorizes Commissioners Court to indemnify an elected or appointed County officer against personal liability for the loss of County funds, if the loss was not the result of the officer’s negligence or criminal action. Failure to implement internal controls may be considered negligence. Supervisors must monitor all overages and shortages to determine if there is a pattern meriting further investigation, modification of collection procedures, re-training of personnel, or disciplinary action.

Formal monitoring procedures were not in place to ensure that overages and shortages were properly accounted and reported.

Failure to ensure that overages and shortages are properly accounted and reported may result in the loss or misuse of funds.

HIDALGO COUNTY DISTRICT JUDGES

Recommendation:

Management should develop and implement formal monitoring procedures to ensure that overages and shortages are properly accounted and reported. At a minimum, procedures should include the following:

- o Transfer overages to the County Treasurer as miscellaneous revenue;
- o Replenish shortages or request indemnification from Commissioners Court pursuant to Local Government Code §157.903;
- o Monitor all overages and shortages to determine if there is a pattern meriting further investigation, modification of collection procedures, retraining of personnel, or disciplinary action; and
- o Immediately report shortages to the County Auditor's Office and the Sheriff's Office, regardless of the amount, if criminal conduct is suspected.

Observation No. 2:

The Tax Office utilizes the "ACT 8003 Overages" balance sheet account to account for overpayments received in the amount of \$5.00 or less. For overpayments in the amount of \$5.00 or less, the Tax Office is not required to mail to the taxpayer or the taxpayer's representative a written notice of the amount of the overpayment accompanied by a refund application form pursuant to Tax Code 31.11(g).

During the month of July 2017, check number 46238 in the amount of \$74.18 was issued from the Tax General bank account using the "ACT 8003 Overages" balance sheet account to pay-off tax accounts that had a balance of \$5.00 or less. According to staff, delinquent tax accounts with a balance of \$5.00 or less are paid-off with funds in the "ACT 8003 Overage" balance sheet account. However, the paid-off tax accounts are not those that belong to the taxpayers that made the overpayment.

Tax Code 31.11 (g), if a taxpayer submits a payment of taxes that exceeds by \$5 or more the amount of taxes owed for a tax year to a taxing unit, the collector for the taxing unit, without charge, shall mail to the taxpayer or the taxpayer's representative a written notice of the amount of the overpayment accompanied by a refund application form."

Pursuant to Tax Code 31.11 (c), an application for a refund must be made within three years after the date of the payment or the taxpayer waives the right to the refund. Pursuant to Attorney General Opinion DM-258, unclaimed overpayments on property taxes belong to the County once the three year period or reclamation has lapsed under section 31.11 of the Tax Code.

Formal procedures are not in place to ensure that the "ACT 8003 Overages" balance sheet account is only used to pay overpayments to the tax payer to whom the money is owed.

Failure to ensure that the "ACT 8003 Overages" balance sheet account is only used to pay overpayments to the tax payer to whom the money is owed may result in the shortage of funds available to refund when an application for refund is submitted.

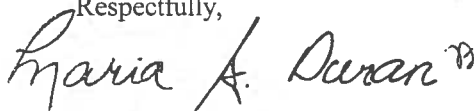
Recommendation:

Management should develop and implement formal procedures to ensure that funds recorded in the "ACT 8003 Overages" balance sheet account are only used to pay the tax payers to whom the money is owed. Overpayments must be transferred to the County Treasurer's Office once the three year period of reclamation has lapsed. In addition, the practice of paying tax accounts that have a balance of \$5.00 or less should be discontinued immediately.

Please provide a written management response to the observations noted above by January 26, 2018.

If you have any questions or would like to schedule a meeting to discuss the above noted observation, please contact Abigail Guajardo, MSA, Internal Auditor II, at 318-2511 ext. 4652, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4645, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,

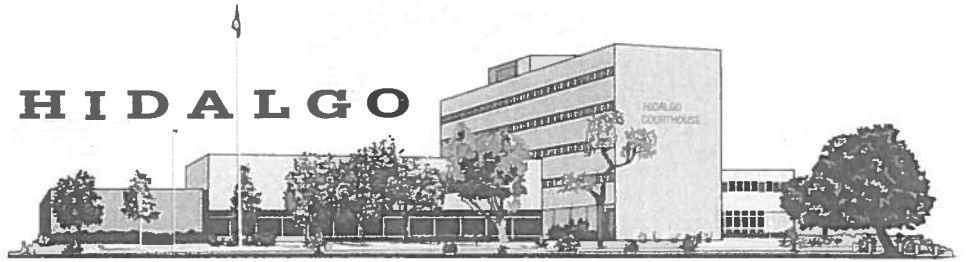


Maria Arcilia Duran, CPA
County Auditor

cc: Valde Guerra, County Executive Officer
Eva Mireles, Tax Office Chief of Operations

HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO



EDINBURG, TEXAS 78539

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

January 16, 2018

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 - November 2017
Report No. 2017-76

Dear Mr. Villarreal:

We have completed a limited scope review of the November 2017 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 the 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 (RD15), State of Texas (TEX); and the payment request prepared by your office for the month ended November 30, 2017. The County Auditor's Office did not review the tax accounts listed on the "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 November 2017."
- Reviewed the "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 Prior Collection Report" to determine if the total amount of DTA fees collected agreed to the amount transferred to the Hidalgo County Treasurer's Office.

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 November 2017."

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, 296TH 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.

L. KENO VASQUEZ
JUDGE, 398TH D.C.

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


RENEE R. BETANCOURT
JUDGE, 449TH D.C.

- Although DTA fees for 179 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 (171 tax accounts) and small amounts collected (8 tax accounts) (see Exhibit A).

We will proceed to process the November 2017 DTA payment request in the amount of \$126,763.80 to LGBS.

If you have any questions, please contact Reynaldo Cantu III, Compliance Audit Supervisor, at 318-2511 ext. 4654, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,


Maria Arcilia Duran, CPA
Hidalgo County Auditor

Enclosures

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



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 32ND D.C.

RODOLFO DELGADO
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JUDGE, 430TH D.C.

RENEE R. BETANCOURT
JUDGE, 449TH D.C.

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Intere st Paid	Subtotal Paid	Attorney Paid
1	1	2016	X423081000969600	0.79	0.18	0.97	0.14
2	1	2015	L473500003004000	417.15	120.97	538.12	74.46
3	1	2015	M160000000000300	171.19	53.07	224.26	32.1
4	1	2015	C676000000004200	46.38	14.68	61.06	8.84
5	1	2015	L3195000000003100	36.23	11.12	47.35	6.74
6	1	2015	M054200000007600	28.99	9.09	38.08	5.48
7	1	2015	S295000000038307	23.33	7.08	30.41	4.31
8	1	2015	N340000000212006	18.77	5.94	24.71	3.58
9	1	2015	A300000020002600	0.17	0.06	0.23	0.04
10	1	2015	C070000100000455	0.16	0.05	0.21	0.03
11	1	2015	I223000001000C00	0.18	0.06	0.24	0.03
12	1	2014	M160000000000300	155.63	66.92	222.55	31.98
13	1	2014	L085000000002200	124.5	48.55	173.05	23.34
14	1	2014	S300000000008810	35.94	14.49	50.43	6.95
15	1	2014	V088000000002700	32.42	13.51	45.93	6.47
16	1	2014	G880000011000400	13.04	4.83	17.87	2.37
17	1	2014	R410000001001400	7.29	2.84	10.13	1.37
18	1	2014	M015095050001601	0.39	0.18	0.57	0.08
19	1	2014	W570002000001100	0.07	0.03	0.1	0.02
20	1	2013	M160000000000300	141.48	77.82	219.3	31.62
21	1	2013	C036000000002500	56.33	25.54	81.87	10.14
22	1	2013	I200001000019100	19.98	9.2	29.18	3.66
23	1	2013	S359302000005300	12.75	6.37	19.12	2.6
24	1	2013	E330000380000400	11.5	5.75	17.25	2.35
25	1	2013	M190001000001200	11.52	5.49	17.01	2.19
26	1	2013	L085000000002200	9.94	5.07	15.01	2.04
27	1	2013	P320002006001200	3.63	1.67	5.3	0.66
28	1	2013	L623500000003100	0.74	0.34	1.08	0.13
29	1	2013	L623500000003100	0.36	0.16	0.52	0.06
30	1	2012	M160000000000300	141.48	94.79	236.27	34.17
31	1	2012	L116002000003300	108.06	68.45	176.51	24.32
32	1	2012	W515003000003200	16.21	9.74	25.95	3.41
33	1	2012	L198000000000800	9.75	5.26	15.01	1.78
34	1	2012	A210000048001001	5.81	3.45	9.26	1.2
35	1	2012	J660000000000300	0.33	0.23	0.56	0.09
36	1	2012	W392095000009501	0.11	0.06	0.17	0.02
37	1	2011	V420000002001100	708.7	429.95	1,138.65	125.44
38	1	2011	S510000002000100	302.55	208.76	511.31	64.9
39	1	2011	R270000004000900	122.47	77.98	200.45	23.33
40	1	2011	L630601000007900	51.47	37.24	88.71	11.81
41	1	2011	R270000004000900	61.23	38.99	100.22	11.67
42	1	2011	C875000007000500	50.67	31.75	82.42	9.43
43	1	2011	C211000000002900	42.96	29.36	72.32	9.09
44	1	2011	S170002063000804	33.05	24.9	57.95	8.03
45	1	2011	S295098000052316	14.18	10.88	25.06	3.54
46	1	2011	H005000000001800	10.36	6.8	17.16	2.07
47	1	2011	H185000180001000	3.02	2.19	5.21	0.7

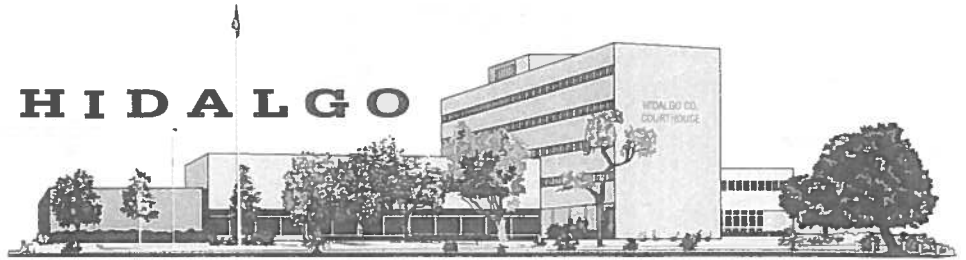
48	1	2010	T474300000000700	572.13	394.77	966.9	102.12
49	1	2010	E330000295000200	242.57	190.02	432.59	53.49
50	1	2010	T550000000003800	133.22	95.47	228.69	25.38
51	1	2010	M111000000004300	63.73	52.48	116.21	15.2
52	1	2010	H00500000001800	57.82	44.91	102.73	12.58
53	1	2010	I210000000000800	38.97	32.1	71.07	9.3
54	1	2010	V070000004000900	10.31	8.39	18.7	2.41
55	1	2010	M578500000007200	4.57	3.8	8.37	1.1
56	1	2010	I210000000000800	0.98	0.81	1.79	0.23
57	1	2009	C775000003002200	315.61	249.33	564.94	59.18
58	1	2009	E330000295000200	179.21	161.88	341.09	42.74
59	1	2009	T550000000003800	135.69	113.53	249.22	28.29
60	1	2009	A210000050001500	65.87	54.66	120.53	13.53
61	1	2009	T550004000003300	50.19	39.65	89.84	9.41
62	1	2009	I210000000000800	34.55	32.59	67.14	8.86
63	1	2009	V232000000003800	35.6	31.68	67.28	8.28
64	1	2009	S655000000001100	29.94	28.54	58.48	7.81
65	1	2009	P200000019001800	30.86	25.93	56.79	6.48
66	1	2009	N340000000303513	21.95	19.9	41.85	5.27
67	1	2009	K240000000007305	17.21	14.84	32.05	3.79
68	1	2009	O85000000C000700	10.93	8.38	19.31	1.94
69	1	2009	W310000001001200	8.9	6.91	15.81	1.62
70	1	2009	B190040000004900	6.63	5.56	12.19	1.39
71	1	2008	E330000295000200	152.32	155.88	308.2	39.07
72	1	2008	T550000000003800	106.43	101.82	208.25	24.11
73	1	2008	A180000036000406	59.98	62.39	122.37	15.84
74	1	2008	C902500000002900	31.99	29.11	61.1	6.57
75	1	2008	E583002000000100	16.89	18.02	34.91	4.66
76	1	2008	N480000004000203	1.43	1.53	2.96	0.4
77	1	2007	T550000000003800	109.01	117.37	226.38	26.65
78	1	2007	S477000000040600	28	31.83	59.83	7.6
79	1	2007	T570002000001400	17.01	16.04	33.05	3.14
80	1	2007	C238000000000800	8.38	8.24	16.62	1.7
81	1	2007	B505000015001100	6.88	6.94	13.82	1.47
82	1	2007	P640000026000400	5.73	5.69	11.42	1.19
83	1	2006	T550000000003800	112.8	134.98	247.78	29.61
84	1	2006	L672500000014000	15.45	19.67	35.12	4.63
85	1	2006	A555000000000300	10.33	12.75	23.08	2.88
86	1	2006	B156007000004400	10.24	11.28	21.52	2.25
87	1	2005	T550000000003800	115.33	151.85	267.18	32.35
88	1	2005	C730000021000800	8.33	10.72	19.05	2.22
89	1	2005	L43500000G000502	9.29	11.1	20.39	2.09
90	1	2005	S245000000001200	7.53	9.8	17.33	2.07
91	1	2005	M475000002001600	6.07	7.59	13.66	1.52
92	1	2005	R225001003001900	2.54	3.78	6.32	0.91
93	1	2005	C211000000002600	3.57	4.1	7.67	0.73
94	1	2005	S245000000001200	-7.53	-9.8	-17.33	-2.07
95	1	2004	A180000036000406	110.99	168.71	279.7	37.29
96	1	2004	C733000003000900	92.13	142.19	234.32	31.92
97	1	2004	T550000000003800	59.01	84.78	143.79	17.61
98	1	2004	W230000013000600	11.85	18.5	30.35	4.2

99	1	2004	M015000062000401	10.2	15.95	26.15	3.63
100	1	2004	R065000003000100	9.87	14.69	24.56	3.17
101	1	2004	M520000049001100	8.39	12.82	21.21	2.85
102	1	2004	C211000000002600	9.77	12.34	22.11	2.15
103	1	2004	H520003000005600	1.05	1.45	2.5	0.29
104	1	2004	S725002008000200	0.96	1.35	2.31	0.27
105	1	2003	H282500000002000	45.1	68.85	113.95	13.67
106	1	2003	D780000009000600	53.27	73.7	126.97	12.71
107	1	2003	E330000123000100	13.01	18.5	31.51	3.33
108	1	2003	W230000052000300	8.22	13.42	21.64	2.88
109	1	2003	B203500000004700	13.42	17.49	30.91	2.72
110	1	2003	M550000097001427	10.85	13.7	24.55	2
111	1	2003	M550000097001427	7.36	9.25	16.61	1.36
112	1	2003	M550000097001427	7.35	9.27	16.62	1.35
113	1	2003	B505000015000600	4	5.21	9.21	0.81
114	1	2003	B496504000032900	2.14	3.59	5.73	0.79
115	1	2003	L595002002002100	3.78	4.92	8.7	0.76
116	1	2003	F420000000002300	1.05	1.46	2.51	0.25
117	1	2002	P650000000005400	61.61	85.22	146.83	12.48
118	1	2002	W230000050001101	32.04	44.31	76.35	6.49
119	1	2002	F420000000002300	23.69	35.61	59.3	6.08
120	1	2002	M515000000004700	17.31	27.39	44.7	5.06
121	1	2002	B190023000001300	27.38	36.79	64.17	5.05
122	1	2002	B190023000001300	27.38	36.79	64.17	5.05
123	1	2002	L115000000005000	13.17	22.22	35.39	4.47
124	1	2002	V382000000006900	12.1	21.2	33.3	4.45
125	1	2002	V382000000007000	14.79	20.47	35.26	3
126	1	2002	A180000064001504	5.29	8.52	13.81	1.62
127	1	2002	C690000001000700	2.67	4.02	6.69	0.69
128	1	2001	W230000050001101	54.35	81.7	136.05	11.98
129	1	2001	S531000002001000	13.57	25.89	39.46	5.46
130	1	2001	G880000010000300	24	34.08	58.08	4.39
131	1	2001	K240000000011314	9.22	17.22	26.44	3.54
132	1	2001	W010000044001052	13.47	20.78	34.25	3.21
133	1	2001	L115000000005000	7.17	12.95	20.12	2.56
134	1	2001	G880000010000300	11.99	17.04	29.03	2.2
135	1	2001	M703000000012300	4.14	7.47	11.61	1.47
136	1	2001	W240000003000900	2	3.24	5.24	0.55
137	1	2000	W230000050001101	19	30.84	49.84	4.53
138	1	2000	G590001004002100	14.33	21.6	35.93	2.67
139	1	2000	G040000006000100	4.88	9.66	14.54	1.95
140	1	2000	M687000000002600	2.38	4.08	6.46	0.66
141	1	1999	S477000000006600	19.91	41.67	61.58	8.24
142	1	1999	R055003000002000	3.23	6.01	9.24	1
143	1	1999	C700000006000500	1.02	1.73	2.75	0.24
144	1	1998	R026300000001100	13.98	30.28	44.26	5.74
145	1	1998	H120000106000100	11.66	23.6	35.26	4.04
146	1	1998	H120000106000100	11.66	23.6	35.26	4.04
147	1	1998	H120000106000100	-11.66	-23.6	-35.26	-4.04
148	1	1997	M490000000009302	12.45	27.89	40.34	5.07
149	1	1996	B190011000002500	30.09	69.33	99.42	12.06

150	1	1996	H345003000002000	21.63	55.14	76.77	11.06
151	1	1996	G230000003000500	21.72	45.7	67.42	6.75
152	1	1996	B010000003000300	12.76	28.46	41.22	4.69
153	1	1996	H265000002003800	9.38	19.71	29.09	2.91
154	1	1996	M368000000004100	5.5	14.03	19.53	2.82
155	1	1996	R265000000000602	5.96	14.02	19.98	2.51
156	1	1995	A210000051001900	25.38	57.46	82.84	8.8
157	1	1994	E810000007000800	11.21	27.63	38.84	4.49
158	1	1994	E540000002002100	-9.27	-21.66	-30.93	-3.38
159	1	1993	C655000003002100	14.84	37.14	51.98	5.67
160	1	1992	C655000003002100	29.81	78.2	108.01	11.94
161	12	1999	R055003000002000	0.08	0.15	0.23	0.02
162	12	1997	M490000000009302	0.61	1.35	1.96	0.24
163	12	1996	B190011000002500	1.62	3.72	5.34	0.65
164	12	1996	H345003000002000	1.17	2.97	4.14	0.6
165	1	2013	M520099172001202	0.57	0.33	0.9	0.14
166	1	1998	W010000023000416	18.7	42.78	61.48	8.7
167	12	1998	W010000023000416	0.82	1.87	2.69	0.38
168	1	2015	L007001000007200	18.69	5.42	24.11	3.34
169	1	2015	L670000004001800	10.06	3.05	13.11	1.86
170	1	2014	L007001000007200	66.92	27.44	94.36	13.15
171	1	2014	L195895002001500	38.65	14.3	52.95	6.9
172	1	2013	L007001000007200	8.44	4.47	12.91	1.81
173	1	2013	H385000000001113	7.64	3.47	11.11	1.38
174	1	2011	H385000000001113	179.58	124.51	304.09	38.79
175	1	2011	L670000004001800	5.1	3.99	9.09	1.31
176	1	2011	L670000004001800	-5.1	-3.99	-9.09	-1.31
177	1	2008	L250000000000300	4.14	4.1	8.24	1.01
178	1	2007	W380000255000016	58.3	62.95	121.25	14.34
179	1	2004	E540000045000300	3.85	6.01	9.86	1.37

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
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EDINBURG, TEXAS 78539

January 12, 2018

The Honorable Ricardo Rodriguez, Jr., Criminal District Attorney
Hidalgo County District Attorney's Office
Hidalgo County Courthouse
100 N. Closner, 3rd Floor
Edinburg, Texas 78539

Re: Audit of the Chapter 59 Asset Forfeiture Audit Report by Attorney Representing the State
For the Fiscal Year Ended August 31, 2017
Audit No. 2017-42

Dear Mr. Rodriguez:

We have completed an audit of the "Chapter 59 Asset Forfeiture Audit Report by Attorney Representing the State" (Asset Forfeiture Report) for the fiscal year ended August 31, 2017 pursuant to Code of Criminal Procedure § 59.06 (g)(1), Local Government Code §115.001 and § 115.0035, and our annual audit plan. The objective of the audit was to determine if Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported.

Background:

Code of Criminal Procedure (CCP) Chapter 59 "Forfeiture of Contraband" provides for the forfeiture of contraband seized by peace officers employed by law enforcement agencies of the state and its political subdivisions. Chapter 59 defines "contraband" as property of any nature (including real, personal, tangible, or intangible property) that is used or intended for use in the commission of certain enumerated felonies, Class A and Class B misdemeanors, or property that is gained, acquired, and/or used to facilitate the commission of certain enumerated felonies and misdemeanors.

For the fiscal year ended August 31, 2017, the District Attorney's Office had no Chapter 59 seizures. However, the District Attorney's Office was awarded (forfeited) cash totaling \$1,261,515.31.

Pursuant to CCP § 59.03 (c), a peace officer having custody of property must provide to the District Attorney a sworn statement that contains a schedule of the property seized, an acknowledgment that the officer has seized the property, and a list of the officer's reasons for the seizure. In addition, "not later than 72 hours after the seizure, the peace officer shall: (1) place the property under seal; (2) remove the property to a place ordered by the court; or (3) require a law enforcement agency of the state or a political subdivision to take custody of the property and move it to a proper location."

Pursuant to CCP § 59.04 (a) & (b), the District Attorney must commence forfeiture proceedings by filing a notice of the seizure and intended forfeiture (petition) with the District Clerk's Office not later than the 30th day after the date of the seizure.

Pursuant to CCP § 59.05 (b) & (e), forfeiture proceedings are conducted in accordance with rules and principles governing civil cases. If the court finds that the state has proven by a preponderance of the evidence that all or part of the seized property is subject to forfeiture, the judge shall forfeit the property to the state. Pursuant to CCP § 59.06 (f), a final judgment of forfeiture perfects the state's title to the forfeited property.

Pursuant to CCP § 59.05 (f), the District Clerk is entitled to court costs in forfeitures to the state of an amount greater than \$2,500 as in other civil proceedings.

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, 332ND D.C.

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

L. KENO VASQUEZ
JUDGE, 398TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 449TH D.C.

Pursuant to CCP § 59.06 (a), all forfeited property is administered by the District Attorney, acting as the agent of the state, in accordance with accepted accounting practices and with the provisions of any local agreement entered into between the District Attorney and law enforcement agencies (LEAs). If a local agreement has not been executed, the property shall be sold on the 75th day after the date of the final judgment of forfeiture at public auction under the direction of the county sheriff. Proceeds of the sale must be distributed in accordance with CCP § 59.06.

Pursuant to CCP § 59.06 (b), if a local agreement exists between the District Attorney and the LEA, the District Attorney may transfer the property to the LEA. Furthermore, CCP § 59.06 (c) states, if a local agreement exists between the District Attorney and LEAs, all money, securities, negotiable instruments, stocks or bonds, or things of value, or proceeds from the sale of those items shall be deposited, after the deduction of court costs which the District Clerk is entitled, into one or more of the following funds: (1) a special fund in the county treasury for the benefit of the District Attorney's Office, to be used by the District Attorney solely for the official purposes of his office; or (2) a special fund in the county treasury if distributed to a county LEA, to be used solely for law enforcement purposes, such as salaries and overtime pay for officers, officer training, specialized investigative equipment and supplies, and items used by officers in direct law enforcement duties.

Pursuant to CCP § 59.06 (b), the District Attorney's Office entered into local agreements with the following LEAs effective January 1, 2015: Cities of Alamo, Alton, Donna, Edcouch, Edinburg, Elsa, La Villa, La Joya, McAllen, Mercedes, Mission, Palmview, Palmhurst, Peñitas, Pharr, Progreso, Hidalgo, Weslaco, San Juan, and Sullivan City; Constable Precinct 1, Constable Precinct 2, Constable Precinct 3, Constable Precinct 4, Hidalgo County Sheriff's Office, Cameron County Sheriff's Office, Texas Alcohol and Beverage Commission, University of Texas Rio Grande Valley (UTRGV) Police Department, Hidalgo County HIDTA Task Force, and Texas Department of Public Safety (DPS).

Pursuant to the local agreements, auction proceeds for property forfeited to the State Attorney and the LEA, with the exception of DPS, shall be paid 25% to the District Attorney's Office and 75% to the LEA if the property was put to use by the LEA and State Attorney. If the property was not put to use by the LEA and State Attorney, the auction proceeds shall be paid 40% to the District Attorney and 60% to the LEA.

Pursuant to the local agreement between the District Attorney and DPS, auction proceeds for property seized in connection with a violation of Chapter 481, Health and Safety Code and forfeited to the State Attorney and DPS shall be paid 40% to DPS, 30% to the District Attorney, and 30% to the State of Texas general revenue fund. With respect to all other forfeited property, if no answer was filed (default judgment), 70% is paid to DPS and 30% to the District Attorney. If answer was filed (agreed judgment), 60% is paid to DPS and 40% to the District Attorney. If trial commenced, 50% is paid to DPS and 50% to the District Attorney.

In addition, pursuant to the local agreements, the LEAs are responsible for paying all court costs, attorney ad-litem fees, depositions, title searches, title policies, confidential informants, and all other related costs in the forfeitures of vehicles and all other personal property as defined by the local agreements. Furthermore, money and property shall be considered forfeited to the State once a forfeiture judgment has become final and no motion for new trial or notice of appeal has been taken. Texas Rule of Appellate Procedure No. 26.1 states that a notice of appeal must be filed within 30 days after the judgment is signed, with a few enumerated exceptions.

Pursuant to CCP § 59.06 (c-3) notwithstanding subsection (a), with respect to forfeited property seized in connection with a violation of Chapter 481, Health and Safety Code (Texas Controlled Substances Act), by the Department of Public Safety, in a proceeding under Article 59.05 in which a default judgment is rendered in favor of the state, the District Attorney shall enter into a local agreement with the department that allows the District Attorney either to: (1) transfer forfeited property to the department to maintain, repair, use, and operate for official purposes in the manner provided by subsection (b); or (2) allocate proceeds from the sale of forfeited property described by subsection (c), after the deduction of court costs as described by that subsection, in the following proportions: (A) 40 percent to a special fund in the department to be used solely for law enforcement purposes; (B) 30 percent to a special fund in the county treasury for the benefit of the District Attorney's Office, to be used solely for the official purposes of the District Attorney's Office; and (C) 30 percent to the general revenue fund.

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Pursuant to CCP § 59.06 (d) proceeds awarded to a law enforcement agency or District Attorney's Office may be spent after a detailed budget has been submitted to Commissioners Court. The budget may not list details that would endanger the security of an investigation or prosecution. Commissioners Court may not use the existence of an award to offset or decrease total salaries, expenses, and allowances that the District Attorney receives from the Commissioners Court at or after the time the proceeds are awarded.

Pursuant to CCP § 59.06 (d-1) the District Attorney may not use proceeds or property received under this chapter to: (1) contribute to a political campaign; (2) make a donation to any entity, except as provided by Subsection (d-2); (3) pay expenses related to the training or education of any member of the judiciary; (4) pay any travel expenses related to attendance at training or education seminars if the expenses violate generally applicable restrictions established by the commissioners court; (5) purchase alcoholic beverages; (6) make any expenditure not approved by the commissioners court, if the District Attorney holds an elective office and: (A) the deadline for filing an application for a place on the ballot as a candidate for reelection to that office in the general primary election has passed and the person did not file an application for a place on that ballot; or (B) during the person's current term of office, the person was a candidate in a primary, general, or runoff election for reelection to that office and was not the prevailing candidate in that election; or (7) increase a salary, expense, or allowance for an employee of the District Attorney's Office who is budgeted by the commissioners court unless the commissioners court first approves the increase.

District Attorney's Procedures:

The District Attorney's Office requires LEAs to deposit seized currency into a certificate of deposit (CD) at the county depository under the name of the District Attorney's Office pending final disposition of the case. Seized personal property is maintained under the LEAs custody pending final disposition of the case. The LEA must provide the District Attorney's Office with a copy of the CD and receipt, if applicable, a sworn statement containing a schedule of the property seized, an acknowledgment that the officer seized the property, and a list of the officer's reasons for the seizure.

The District Attorney commences proceedings no later than the 30th day after the date of the seizure. The petitions are filed with the District Clerk pursuant to CCP § 59.04 (a) & (b). Once a judgment is rendered and after the forfeited judgment becomes final (30 days after the judgment was signed), the currency and/or personal property are distributed pursuant to the local agreement.

The District Attorney's Office determines whether forfeited personal property will be retained for official purpose of the District Attorney's Office or auctioned. If a vehicle is retained, the District Attorney submits an application for certificate of title, along with a copy of the final judgment, to the Texas Department of Motor Vehicles. Upon receipt, the original certificate of title is retained by the District Attorney's Office and insurance coverage is requested from the Executive Office Safety Division. The District Attorney's Office subsequently sends a copy of the certificate of title, final judgment, proof of insurance coverage, and an asset tag request to the Purchasing Department's Fixed Assets Division. If the vehicle is not placed in use, a transfer form is prepared and the vehicle is declared surplus. The vehicle is safeguarded by the County's contracted auctioneer until the vehicle is auctioned.

The Purchasing Department is responsible for disposing of county assets. The Purchasing Department receives the auction proceeds and prepares a "Purchasing Department/ Fixed Asset Division Auction Report" that details the amount of proceeds to be receipted to each fund. The proceeds are then deposited with the Hidalgo County Treasurer to the credit of the applicable funds, including the District Attorney's Forfeiture Fund. Pursuant to the local agreements, the auction proceeds should be apportioned to the District Attorney's Forfeiture Fund within 30 days of the sale.

Scope and Methodology:

The scope of our audit was limited to a review of all seized currency and property for which a law enforcement agent's affidavit was made available to the County Auditor's Office for review and all forfeited currency and property for which a final judgment was rendered for the fiscal year ended August 31, 2017.

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.

HIDALGO COUNTY DISTRICT JUDGES

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 sent confirmation letters to participating law enforcement agencies and financial institutions, reviewed applicable statutes, policies and procedures, and local agreements. The following procedures were performed:

1. Verified whether all Chapter 59 revenues recorded in *alio*, the County's financial accounting system, and required to be reported (i.e., cash forfeitures, proceeds received from the sale of forfeited property, and interest) were included on the Asset Forfeiture Report.
2. Verified whether all Chapter 59 expenditures recorded in *alio* were included on the Asset Forfeiture Report and made solely for official purposes of the District Attorney's Office.
3. Reviewed the salary schedule adopted by Commissioners Court and compared it to District Attorney's Forfeiture Fund "2017 Hourly Rate" report for calendar year 2017 to verify whether the actual salary paid to employees did not exceed the budgeted salary amounts.
4. Generated "Case Index" (Petition/Seizures/Forfeitures) reports for the fiscal year ended August 31, 2017 from *Odyssey*, the County's justice information system, to determine if all seizures and forfeitures were reported on the Asset Forfeiture Report.
5. Obtained a list of District Attorney's Office vehicles and property from Rod Robertson Enterprises, Inc. (Rods) to determine if the list agreed to the County Auditor's Office and District Attorney's Office lists of seized and forfeited assets maintained at Rods.
6. Reviewed confirmation letter responses received from LEAs that participated with the District Attorney's Office in Chapter 59 seizures to determine whether the seized and forfeited vehicles, real property, other items, and/or currency reported by District Attorney's Office on the Asset Forfeiture Report agreed to those confirmed by the LEAs.
7. Reviewed judgments, checks issued, "District Attorney Accounting Control Sheet," and county depository bank statements for the period under review to determine if court costs for forfeited amounts greater than \$2,500 were paid to the District Clerk's Office pursuant to CCP § 59.05 (f).
8. Compared the list of CDs held by the county depository related to Chapter 59 on behalf of the District Attorney's Office to the District Attorney's HB 65 financial statements as of August 31, 2017 to determine if all CDs were properly accounted by the District Attorney's Office.
9. Reviewed cases, judgments, and checks issued by the District Attorney's Office to determine if forfeited funds were disbursed after the forfeited judgment became final (30 days after the judgment was signed) pursuant to the Texas Rule of Appellate Procedure No. 26.1.
10. Reviewed schedules of filed cases generated from *Odyssey* to determine if petitions were filed by the District Attorney's Office no later than the 30th day after the date of the seizure pursuant to CCP § 59.04 (a) & (b).
11. Reviewed *alio* revenue reports and the Purchasing Department's "Auction Report" for the District Attorney's Office to determine if auction proceeds generated from the sale of forfeited assets were apportioned to the District Attorney's Forfeiture Fund by the Hidalgo County's Purchasing Department within 30 days of the sale as required by the local agreement.
12. Selected 496 Chapter 59 assets (14 vehicles, 54 monetary instruments, 246 gaming machines, 174 gaming motherboards, 3 electronic items, 1 equipment items, and 4 supply items) held by the District Attorney's Office, including those assets seized and forfeited from prior years and not sold, as of August 31, 2017 for physical identification and to determine if the vehicles put to use by the District Attorney's Office were assigned an asset tag number and insurance coverage was obtained for the vehicles.
13. Reviewed *alio* revenue reports and confirmation letters received from 9 of 24 LEAs to determine if forfeited vehicles were sold through auction and if the District Attorney's portion of the auction proceeds were sent to the County Treasurer's Office within 30 days of the auction.
14. Reviewed the affidavits prepared by the seizing officers and the CD receipts to determine if the CDs for the seized cash were opened in the amount noted on the affidavits within 72 hours of the

HIDALGO COUNTY DISTRICT JUDGES

seizure. In addition, we verified whether the seized amounts noted on the petitions filed by the District Attorney's Office agreed to the CD amounts and the seizing officers' affidavits.

Conclusion:

Based on the results of our audit, we have determined that generally Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported. More specifically, the following was noted:

1. All Chapter 59 revenues recorded in *alio* and required to be reported were included on the Asset Forfeiture Report.
2. All Chapter 59 expenditures recorded in *alio* were included on the Asset Forfeiture Report and made solely for official purposes of the District Attorney's Office.
3. Employees' actual salaries paid from the District Attorney's Forfeiture Fund did not exceed the budgeted salary amounts.
4. All seized and forfeited assets listed on the "Case Index" (Petition/Seizures/Forfeitures) reports for the District Attorney's Office were included on the Asset Forfeiture Report.
5. All vehicles on Rods list of property held on behalf of the District Attorney's Office was on the lists of seized and forfeited assets that is maintained by the County Auditor's Office and District Attorney's Office.
6. Confirmation letters were sent to 24 LEAs that were identified in the "Case Index-Active" and "Case Index-Inactive" reports as having Chapter 59 seizures to determine whether the seized and forfeited vehicles, real property, other items, and/or currency reported by the District Attorney's Office on the Asset Forfeiture Report agreed to those confirmed by the LEAs.

9 LEAs responded to the confirmation request (Pharr PD, Edinburg PD, Mission PD, Sullivan City PD, Weslaco PD, Penitas PD, TABC, Cameron County Sheriff's Office, and DPS) and confirmed the same number of seized and/or forfeited vehicles, property, and/or currency as those reported by the District Attorney's Office on the Asset Forfeiture Report.

7. There were 94 judgments that included cash disbursements during the period of review. Of the 94 judgments:
 - 58 judgments were for amounts greater than \$2,500.00. Court costs were paid to the District Clerk's Office pursuant to CCP §59.05 (f).
 - 36 judgments were for amounts less than \$2,500.00 and court costs were not paid to the District Clerk's Office pursuant to CCP §59.05 (f).
8. There were 92 CDs totaling \$2,439,100.76 held as of August 31, 2017 at the county depository related to Chapter 59. All 92 CDs were properly accounted by the District Attorney's Office on the financial statements.
9. There were 85 cases with a forfeited judgment during the period in review. All 85 cases were disbursed after the judgment became final (30 days after the judgment was signed) pursuant to the Texas Rule of Appellate Procedure No. 26.1.
10. All 255 petitions filed by the District Attorney's Office during the period of review were filed within 30 days after the date of seizure as required by CCP § 59.04 (a) & (b).

However, improvements could be made to the system of internal controls for the accounting and reporting of Chapter 59 seizures, forfeitures, receipts, and expenditures. More specifically, the following was noted:

11. The County conducted auctions on September 14, 2016, December 07, 2016, March 8, 2017, and June 7, 2017. The auctions generated proceeds of \$134,700.00, \$73,595.00, \$17,055.00, and \$177,710.00, respectively. The proceeds for the June 7, 2017 auction were not apportioned to the District Attorney's Forfeiture Fund within the 30 days of the sale as required by the local agreement. Instead, the funds were receipted in a General Fund undistributed account at the request of the Purchasing Department. The funds were apportioned to the District Attorney's Chapter 59 Fund 53 days after the auction. All other auctions were appropriated within 30 days of the sale as required by the local agreement.
12. Of the 496 Chapter 59 assets:
 - o 248 (7 seized and 241 forfeited) assets were physically located, as follows:
 - All of the 241 assets forfeited to the District Attorney (6 vehicles, 174 gaming motherboards, 1 flat screen TV, 1 security computer hard drive and remote control, 1 money counter, 4 supplies

HIDALGO COUNTY DISTRICT JUDGES

items, 53 monetary instruments, and 1 computer monitor) did not contain an asset tag.

According to staff, the assets would be sold through auction or properly disposed.

- o 248 (246 Gambling machines and 2 vehicles) were not physically located. The gambling machines were delivered to the Texas Facilities Commission for auction. A Bill of Lading was provided for the shipment of gambling machines to the Texas Facilities Commission. The vehicles were temporarily returned to defendant. A Replevy Bond was signed by the Assistant Criminal District Attorney on March 6, 2017.

According to staff, vehicles seized by DPS are held at Weslaco DPS until a judgment is rendered. Once a judgment is rendered, the forfeited vehicles awarded to DPS and the District Attorney's Office not put to use are sent to Rods to be auctioned. We selected 6 vehicles seized and 5 vehicles forfeited to DPS and the District Attorney's Office as of August 31, 2017 for physical identification.

4 vehicles were located at Rods and 7 were located at the Weslaco DPS station. 1 vehicle located at Weslaco DPS did have a judgment. According to staff, Weslaco DPS is pending a decision whether to put the vehicle to use or sell through auction.

According to the District Attorney's Office, there are no formal procedures to document when a vehicle can be auctioned by the District Attorney's Office; however, there is an understanding that the vehicles picked up from the DPS Office will not be put to use by DPS and can be auctioned. The interlocal agreement between the District Attorney's Office and DPS does not stipulate that the District Attorney will take custody of the seized property and will be responsible for auctioning the forfeited property. Furthermore, procedures to document when the District Attorney's Office took custody of the property were not in place.

13. Of the 9 confirmation letters received:

- 2 LEAs (Edinburg PD and Pharr PD) confirmed proceeds totaling \$4,400.00 and \$29,684.00, respectively, had been received from the auction of forfeited personal property during the period of review. The portion belonging to the District Attorney's Office was forwarded to the County Treasurer's Office; however, auction proceeds were not always forwarded to the County Treasurer's Office within 30 days of the auction.
- 3 LEAs (Penitas PD, Sullivan PD, and Mission PD) confirmed proceeds totaling \$3,150.00, \$1,950.00, and \$9,738.75, respectively, had been received from the auction of forfeited personal property during the period of review; however, the portion belonging to the District Attorney's Office has not been forwarded to the County Treasurer's Office.
- 3 LEAs (Cameron County Sheriff's Office, Weslaco PD, and TABC) stated auctions had not been held during the period in review.
- 1 LEA (Mercedes PD) did not include a response on the confirmation letter regarding auction proceeds.

A formal request is made by the District Attorney's Office on an annual basis to all LEAs that the District Attorney's portion of any auction proceeds must be forwarded to the County Treasurer's Office within 30 days of the auction.

14. 88 CDs were opened for the cash seizures made by LEAs and the District Attorney's Office during the period of review. Of the 88 CDs:

- All the petitions filed by the District Attorney's Office were in the amount of the CDs and the seizing officer's affidavit.
- 38 CDs were opened within 72 hours of seizure as required by CCP § 59.03 (c).
- 50 CDs were not opened within 72 hours of seizure. The CDs were opened 1 to 23 days late.

Recommendations:

In our opinion, the issues identified during our review could be addressed by developing and implementing formal policies and procedures for the proper accounting and reporting of Chapter 59 seizures, forfeitures, receipts, and expenditures. At a minimum, the following procedures should be implemented:

1. Coordinate with the Purchasing Department to ensure that auction proceeds generated from the sale of forfeited assets are apportioned to the District Attorney Forfeiture Fund within 30 days of the auction.

HIDALGO COUNTY DISTRICT JUDGES

2. Ensure that the interlocal agreement between the District Attorney's Office and DPS includes language stipulating who will take custody of the property when seized and who will be responsible for selling the forfeited property. In addition, if applicable, a log should be developed to document when the District Attorney's Office takes custody of assets seized and/or forfeited by DPS. The log should include the date the asset was delivered to the District Attorney's Office or Rods; the names of the individuals that delivered and took possession of the asset; asset description; and case number.
3. Coordinate with the LEAs to ensure that auction proceeds from the sale of forfeited property are distributed to the District Attorney's Office within 30 days of the auction pursuant to the interlocal agreement. In addition, coordinate with Penitas PD, Sullivan PD, and Mission PD to ensure that the auction proceeds belonging to the District Attorney's Office are immediately forwarded to the County Treasurer's Office.
4. Notify LEAs that CDs should be opened within 72 hours of seizure pursuant to CCP § 59.03 (c) which requires a law enforcement agency of the state or a political subdivision to take custody of the property and move it to a proper location. In addition, management should consider revising the interlocal agreements to include language that requires LEAs to open CDs within 72 hours of seizures.

Please provide management responses to findings 11 through 14 noted in the conclusion section of the report by January 26, 2018.

If you have any questions or would like to schedule a meeting to discuss the above noted recommendations, contact Ricardo Nunez, Internal Auditor II, at 318-2511 ext. 4644, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
County Auditor

cc: The Honorable Ramon Garcia, County Judge
The Honorable David L. Fuentes, Commissioner Precinct 1
The Honorable Eddie Cantu, Commissioner Precinct 2
The Honorable Jose M. Flores, Commissioner Precinct 3
The Honorable Joseph Palacios, Commissioner Precinct 4
Mr. Kent Richardson, Assistant Attorney General

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, 332ND D.C.

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

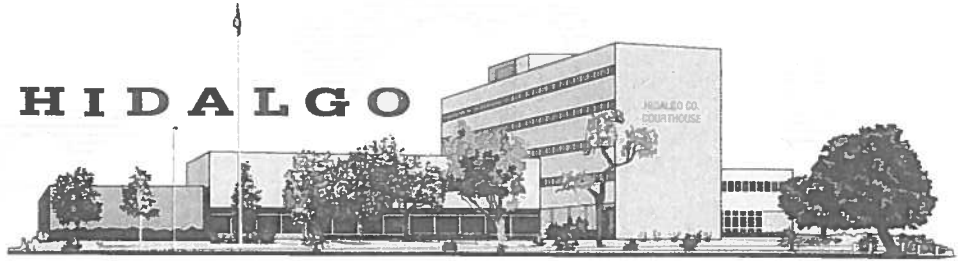
LETICIA LOPEZ
JUDGE, 389TH D.C.

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JUDGE, 398TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 449TH D.C.

COUNTY of HIDALGO



EDINBURG, TEXAS 78539

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

January 12, 2018

Mr. Sergio Cruz, Budget Officer
Department of Budget and Management
2818 S. Business Highway 281
Edinburg, Texas 78539

Re: Cash Count
Report No. 2017-65

Dear Mr. Cruz:

We conducted a surprise cash count of the cash held at the Department of Budget and Management's Employee Benefits Section on November 16, 2017, 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 observation.

Observation No. 1:

We noted that security cameras were not utilized where cash is receipted and safeguarded. According to staff, the purchase of security cameras is not worth the cost due to minimal risk of loss of funds.

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 Department. However, if 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.

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.

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JUDGE, 398TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 449TH D.C.

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

Recommendation:

Management should ensure that security cameras are utilized where cash collections are received and safeguarded regardless if the risk of loss of County funds is minimal. The use of security cameras act as a crime deterrent.

Please provide a written management response to the observation noted above by January 19, 2018.

If you have any questions regarding this cash count, please contact Ricardo Nunez, Internal Auditor II, at 318-2511 ext. 4644, Reynaldo Cantu, Compliance Audit Supervisor, at ext. 4654, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
County Auditor

cc: Valde Guerra, County Executive Officer
Flora Vasquez, Employee Benefits Division Director



HIDALGO COUNTY DISTRICT JUDGES

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

RODOLFO DELGADO
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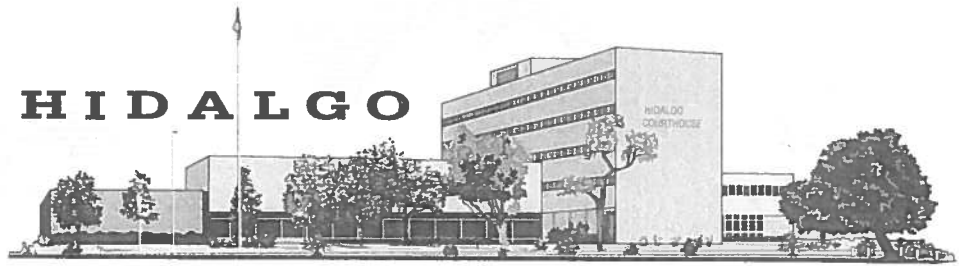
RENEE R. BETANCOURT
JUDGE, 449TH D.C.

COUNTY



HIDALGO

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



EDINBURG, TEXAS 78539

January 16, 2018

The Honorable Joseph Palacios, Commissioner
Hidalgo County Precinct No. 4
1051 N. Doolittle Rd.
Edinburg, Texas 78542

Ref: Cash Count
Report No. 2017-70

Dear Commissioner Palacios:

We conducted a surprise cash count of the cash held at the Edinburg Sanitation Office on December 5, 2017 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 \$2,525.00. Based on the results of our review, we have concluded that total cash on hand did reconcile to the total receipts issued up to the time of the cash count including the prior day's and approved change fund of \$200.00. 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 security cameras were not utilized in areas where cash was receipted and safeguarded. According to staff, security cameras will be installed in the near future.

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.

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JUDGE, 430TH D.C.

RENEE R. BETANCOURT
JUDGE, 449TH D.C.

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 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 in areas where cash is receipted and safeguarded increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that security cameras are utilized in areas where cash is receipted and safeguarded.

Observation No. 2:

A notice stating "Gifts, gratuities, and/or tips will not be accepted" was not posted in a conspicuous location for the public's view. According to staff, the notice was not posted when the Sanitation Office relocated, due to an oversight.

The County Auditor's Office requires that a notice stating "Gifts, gratuities, and/or tips will not be accepted" be posted in a conspicuous location for the public's view.

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

Recommendation:

Management should ensure that a notice stating "Gifts, gratuities, and/or tips will not be accepted" is posted in a conspicuous location for the public's view.

Observation No. 3:

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 not posted when the Sanitation Office relocated, due to an oversight.

The County Auditor's Office requires that a notice stating "A \$__ fee will be collected on all returned checks" is posted in a conspicuous location for the public's view.

Posting the required notice will deter customers from issuing checks that will not clear the bank.

Recommendation:

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

Observation No. 4:

We noted that each cashier does not reconcile their cash drawer against receipts issued and the change fund using the *Cashier's Daily Close-out Report*. According to staff, the collections are reconciled; however the reconciliation is not documented separately by each cashier on a *Cashier's Daily Close-out Report*.

The County Auditor's Office requires that each day, each cashier reconcile the cash drawer against receipts issued and the change fund using the *Cashier's Daily Close-out Report*. The reconciliation must be witnessed by another person.

Daily close-out procedures documented on the *Cashier's Daily Close-out Report* help to uncover discrepancies between actual cash collected and recorded amounts in a timely manner.

Recommendation:

Management should ensure that each cashier reconciles the cash drawer against receipts issued and the change fund using the *Cashier's Daily Close-out Report*.

HIDALGO COUNTY DISTRICT JUDGES

Observation No. 5:

We noted during our review that not all employees responsible for handling cash were required to sign the “Cash Handling Guidelines and Procedures” acknowledgement receipt.

The County Auditor’s Office requires that departments train all employees responsible for handling cash regarding proper cash handling procedures. The employees handling cash must read the “Cash Handling Guidelines and Procedures” and sign a receipt acknowledging their understanding of these guidelines and procedures. The acknowledgment receipt should be kept on file.

Formal monitoring procedures have not been developed and implemented to ensure that employees handling cash are required to read and sign a receipt acknowledging their understanding of the guidelines and procedures. Failure to train employees regarding proper cash handling procedures increases the risk of loss or misuse of County funds.

Recommendation:

Management should develop and implement formal monitoring procedures to ensure that employees handling cash are required to read and sign a receipt acknowledging their understanding of the guidelines and procedures. In addition, the acknowledgment receipt should be maintained on file.

Observation No. 6:

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 maintained. According to staff, they were unaware where to request the hot check listing.

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.

Recommendation:

Management should request the “hot check” listing from the County Treasurer’s Office. The hot check listing should be referenced when receiving checks from customers.

Please provide written management responses to the observations noted above by January 26, 2018.

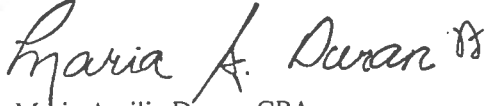
In addition, management should develop and implement procedures for the handling of cash and cash equivalent transactions and provide a copy to the County Auditor’s Office by January 26, 2018. These procedures should include, at a minimum, the following:

- 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, Director of Audit Division, at 318-2511 ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
County Auditor

cc: Mr. Valde Guerra, County Executive Officer

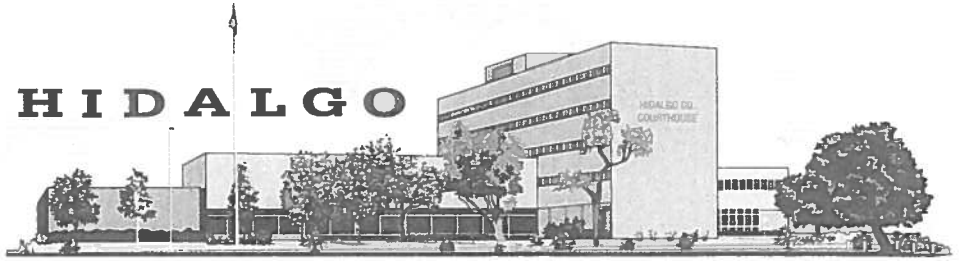


HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	RODOLFO DELGADO JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	JUAN R. PARTIDA JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.
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COUNTY HIDALGO

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



EDINBURG, TEXAS 78539

January 17, 2018

Honorable Arturo Guajardo, Jr.
Hidalgo County Clerk
100 N. Closner
Edinburg, TX 78539

Re: Cash Count
Report No. 2017-533

Dear Mr. Guajardo:

We conducted a surprise cash count of the cash held at the Hidalgo County Clerk's Main Office on October 3, 2017 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 at the time of the cash count agreed to the total receipts issued and the approved change fund. 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 drawer, proper authorization of voided transactions, the use of a mail log for mail-in payments, and segregation of duties.

Conclusion:

Total cash on hand at the time of the cash count was \$69,567.94. Based on the results of our review, we have concluded that the total cash on hand did not reconcile to the total receipts issued for the day up to the time of the cash count and the approved change fund of \$600.00 (see Observation No. 1). In addition, 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:

At the time of the cash count, cash on hand did not reconcile to the total receipts issued. Cash on hand was over by \$11,540.53. The overage consisted of two direct deposits and 116 checks that had not been receipted or restrictively endorsed "For Deposit Only." According to staff, of the 116 checks:

- For 110 checks, the cashiers were attending walk-in customers and the documents to be recorded hadn't been reviewed. The checks were later receipted.
- 5 checks were older than 90 days. The checks were returned to the payer.

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
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JUDGE, 275TH D.C.

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JUDGE, 398TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 449TH D.C.

- o 1 registry check was placed on hold as final judgment had not been granted.

The County Auditor's Office requires that all payments, including mail-in payments, be promptly recorded and controlled using pre-numbered official County receipts and restrictively endorsed "For Deposit Only." If a payment discrepancy occurs (i.e., check made out to the incorrect person, check made out for the incorrect amount, insufficient/incorrect information, etc.), a pre-numbered manual receipt should be issued. Once the discrepancy is resolved, an Official County receipt from the electronic receipting system should be issued and refund check issued, if applicable. In the alternative, the department may return the payment to the sender. If the department returns the payment, a log should be utilized in order to maintain an adequate audit trail of the checks returned that includes: the name of the person/entity to whom the check is returned; return address; check date; check amount; date returned; and reason for return. A copy of all checks returned should be maintained on file.

The longer money remains undeposited, the greater the risk that loss or theft can occur. In addition, immediately limiting the negotiability of checks ensures that checks received can only be deposited into the County's bank account.

Recommendation:

Management should ensure that payments are promptly receipted and restrictively endorsed "For Deposit Only." At a minimum, the procedures noted above should be implemented.

Observation No 2:

During the cash count, we reviewed the mail log and noted that the check amounts for checks received from title companies were recorded as "Not to exceed \$100.00" or "Not to exceed \$250.00." We examined the checks and noted that the title companies made the checks payable to the "Hidalgo County Clerk"; however, the lines for the numeric and dollar amounts were left blank. Instead, the title companies noted the checks with "Not to exceed \$100.00" or "Not to exceed \$250.00" next to the numeric amount. According to staff, recording fees are based on the number of pages to be recorded and customers do not always know the total amount due; therefore, customers opt to send a blank check along with the recording documents. Once the amount due is determined, the numeric and written dollar amounts are written on the check, the documents are recorded, and a receipt is issued and sent to the customer via mail.

Pursuant to the County Auditor's Office *Cash Handling Guidelines and Procedures*, prior to accepting a check as payment, the cashier must verify that the numerical and written dollar amounts agree and are for the exact amount due.

Failure to ensure that cashiers verify that the numeric and written dollar amounts agree and are for the exact amount due may result in the loss or misuse of County funds.

Recommendation:

Management should not accept blank checks as payment. In addition, management should ensure that a fee schedule is provided to the title companies. The fee schedule should be utilized by the title companies to determine the amount due.

Observation No. 3:

We were informed that password to gain access to *Odyssey*, the electronic receipting system, was not changed at least every 90 days. According to staff, *Odyssey* is not programmed to automatically prompt and require users to change passwords at least every 90 days. According to staff, a request has been made to change passwords every three months.

The Information Technology (IT) Securities Policy requires that passwords be changed at least every 90 days.

Failure to change passwords may increase the risk of unauthorized access to *Odyssey*.

Recommendation:

Management should contact the applicable software provider to request that *Odyssey* be programmed to prompt and require users to change passwords at least every 90 days. The Information Technology Department should be contacted to request their assistance regarding this recommendation.

HIDALGO COUNTY DISTRICT JUDGES

Observation No. 4:

We noted during our review that segregation of duties over the handling of cash requires improvement. Eight Bookkeepers perform the following incompatible duties:

- o Custody: Receive collections, issue receipts, maintain the cash drawer, balance copies of receipts issued to the cash drawer, prepare bank deposits, collect on returned checks (NSF), and prepare checks for cash disbursements
- o Recording: Accounts for numerical sequence of cash received and prepare reports of cash received and disbursed

According to staff, all the Bookkeepers are cross-trained to cover for unavailable 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 the assets, recording transactions, and authorization. The individual responsible for receiving collections, issuing receipts, maintaining the cash drawer, balancing copies of receipts issued to the cash drawer, preparing bank deposits, collecting on returned checks (NSF), and preparing checks for cash disbursements should be different from the individual responsible for accounting for numerical sequence of cash received and preparing reports of cash received and disbursed.

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 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.

Observation No. 5:

We noted that the County Clerk's Office does not require employees to read the "Cash Handling Guidelines and Procedures."

The County Auditor's Office requires that departments train all employees responsible for handling cash regarding proper cash handling procedures. The employees handling cash must read the "Cash Handling Guidelines and Procedures" and sign a receipt acknowledging their understanding of these guidelines and procedures. The acknowledgment receipt should be kept on file.

Failure to ensure that employees handling cash are required to read and sign a receipt acknowledging their understanding of the "Cash Handling Guidelines and Procedures" increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that employees handling cash are required to read and sign a receipt acknowledging their understanding of the "Cash Handling Guidelines and Procedures." In addition, the forms should be maintained on file for all employees.

Observation No. 6:

According to staff, wire transfers are made without obtaining supervisory approval. In addition, documentation detailing the amount, purpose, and destination of the wire is not presented for supervisory review. Furthermore, the employee who executes the wire transfers also reconciles the cash per the accounting records to the bank statements. According to staff, approval is not granted each time a transfer is made due to limited staff.

HIDALGO COUNTY DISTRICT JUDGES

The County Auditor's Office requires that all wire transfers be made after approval is granted by the Department Head or his designee. Before supervisory approval is granted, documentation must be provided detailing the amount, purpose and destination of the wire. In addition, the transmitting bank is required, prior to executing the wire, to confirm the amount and destination of the wire transfer by calling a person independent of the employee requesting the transfer. Furthermore, the employee who executes the wire transfers should not prepare or post journal entries nor reconcile the accounting records to the bank statements.

Failure to properly execute a wire transfer may result in the loss or misuse of County funds.

Recommendation:

Management should ensure that wire transfers are properly executed. At a minimum, the procedures noted above should be implemented.

Observation No. 7:

We noted during our review that access authorizations to *Kofile* are not documented on standard forms and maintained on file. According to staff, department was working with *Kofile* to setup a list of users with their corresponding type of access; however, a list of users has not been provided.

Access controls provide management with reasonable assurance that data files and application programs are protected against unauthorized modification, disclosure, loss, or impairment. Access controls require users to authenticate themselves (through the use of unique user names and passwords) and limit the files and other resources that they can access and the actions that they can execute.

For access controls to be effective, management must analyze the responsibilities of individual users and determine the type of access needed for the users to effectively fulfill their responsibilities. Access granted must be restricted to those authorized functions alone. In general, users may be assigned one or more of the following types of access:

- Read access, which is the ability to look at and copy data or a software program.
- Update access, which is the ability to change data or a software program.
- Delete access, which is the ability to erase or remove data or programs.
- Merge access, which is the ability to combine data from two separate sources.
- Execute access, which is the ability to execute a software program.

Access authorizations should be documented on standard forms and maintained on file. The authorization form must be completed and signed by the user accepting the conditions of use and approved by senior management. The approved form must be securely transferred to security managers and filed.

Access authorizations and related controls should be monitored, maintained, and adjusted on an ongoing basis to accommodate for changes in a user's responsibilities (i.e., new hire, promotions, termination, and/or transfer of employees).

Without adequate access controls, unauthorized individuals may be able to read and copy sensitive data and make undetected changes or deletions for malicious purposes or personal gain. In addition, authorized users may intentionally or unintentionally read, add, delete, modify, or execute changes that are outside their scope of authority.

Recommendation:

Management should ensure authorization to access *Kofile* is documented. At a minimum, the procedures noted above should be implemented.

Observation No. 8:

A schedule of fees was not posted in a conspicuous location for the public's view. According to staff, they thought the schedule of fees was part of the information displayed on their office monitors.

The County Auditor's Office requires that a schedule of fees that will be charged pursuant to state statutes and/or Commissioners Court approval be posted in a conspicuous location for the public's view.

Failure to post the schedule of fees in a conspicuous location 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.

HIDALGO COUNTY DISTRICT JUDGES

Observation No. 9:

We noted during our review that collections for Texas Parks and Wildlife were not reconciled to receipts issued on a daily basis by preparing a Cashier's Daily Close-out Report. According to staff, a Cashier's Daily Close-out Report has not been implemented; however, staff was instructed to generate a Daily Sales Report and attached a signed tape confirming that cash on hand reconciles to the Daily Sales Report.

The County Auditor's Office requires that cash on hand be reconciled to receipts issued and the change fund on a daily basis by utilizing the *Cashier's Daily Close-out Report* (Close-out Report). The reconciliation must be conducted by the Cashier and witnessed by another individual. Both the cashier and the witness must verify that the Close-out Report is completed in its entirety and must sign the Close-out Report to document their responsibility for this verification. In addition, after the deposit has been made, the County official or his/her designee must verify that the total amount on the validated deposit slip agrees to the total receipts issued as noted on the Close-out Report. The County official or his/her designee must sign the Close-out Report to document responsibility for this verification.

Daily close-out procedures documented on the Close-Out Report help to uncover discrepancies between actual cash collected and recorded amounts in a timely manner.

Recommendation:

Management should ensure that daily cash reconciliations are properly documented on the Close-out Report.

Observation No. 10:

During the cash count, we were informed that Criminal Clerks and Texas Parks & Wildlife cashiers walk over collections from their corresponding receipting areas to the Bookkeepers area; however, Criminal clerks and Texas Parks and Wildlife cashiers are not required to document transfer or use a cash bag while the collections are transferred from one location to another.

The County Auditor's Office requires that only one cashier be allowed access to a specific cash drawer during a single shift. When cash is transferred from one person to another, it should be counted in the presence of both parties. In addition, a transfer form should be prepared when a transfer of funds takes place. This is necessary for the purposes of establishing responsibility relating to a shortage.

Failure to prepare a transfer form when a transfer of funds is made may result in the loss or misuse of County funds.

Recommendation:

Management should ensure that a transfer form is prepared when a transfer of funds takes place. At a minimum, the procedures noted above should be implemented

Observation No. 11:

We noted during our review that when a Texas Parks & Wildlife receipt is voided, cashiers are not required to sign, date, and write reason for void on the receipt to be voided. According the staff, cashiers are only required to write "VOID" on the face of the voided receipt and reference the replacement receipt.

The County Auditor's Office requires that if a cashier makes an error, the receipt must be voided. The following procedures must be followed:

- a) The Deputy Clerk must obtain approval by his/her supervisor prior to voiding the receipt. The name of the person approving the void must be on the Authorized Signatories Form submitted to the County Auditor's Office.
- b) The supervisor must sign and date the void sheet to document responsibility for verifying that the void sheet was properly completed, all copies of the receipt are marked "VOID" on the face of the receipt, contain an explanation for the void, and contain the date the receipt was voided and signature of the cashier requesting the void.
- c) If a new receipt is issued, the voided receipt number and the new receipt number should be cross-referenced.
- d) All copies of the voided receipt must be securely attached together and submitted to the Auditor's Office.
- e) Computer access controls to void receipts should be limited only to those authorized to approve voids.

Formal procedures have not been developed and implemented to ensure receipts are properly voided, which may result in the loss or misuse of County funds.

HIDALGO COUNTY DISTRICT JUDGES

Recommendation:

Management should ensure that cahiers sign, date and write reason for void on the receipt to be voided. At a minimum, the procedures noted above should be implemented.

Observation No. 12:

During the cash count, we noted that a till (cash drawer) designated for criminal collections was shared by several Bookkeepers. According to staff, during the conversion to *Odyssey*, requests were made to Tyler Technologies that separate tills for criminal payments be assigned to each Bookkeeper. However, Tyler Technologies denied their request on the basis that civil and criminal tills share the same bank account.

The County Auditor's Office requires that, to establish individual responsibility for cash receipts, each cashier be assigned a separate cash drawer which only that cashier may access while on duty. The drawer must be locked during the cashier's absence.

Failure to ensure that only one cashier is allowed access to a specific cash drawer during a single shift may result in the loss or misuse of County funds.

Recommendation:

Management should contact the Information Technology Department and Tyler Technologies to ensure that only one cashier is allowed access to a specific cash drawer during a single shift.

Observation No. 13:

During the cash count, we noted that at times cashiers accept over the phone credit card payments. According to staff, credit card payments are accepted on rare occasions when a payment is done through their E-file system that does not go through. Cashiers are required to only accept credit cards from title companies or an attorney firm and to obtain the cardholder's name, expiration date, and address to process the credit card payment. In addition, according to staff, the acceptance of over the phone credit card payments are allowed since in order to process the credit card payment, the customer must provide a valid address, otherwise the credit card payment will be rejected by the cardholder's credit card company. Once the credit card payment is processed and accepted, the credit card payment is receipted into *Kofile* or *Odyssey* and the system generated receipt is sent to the customer through mail or e-mail.

The County Auditor's Office requires that the cashier request identification from the payer when a debit or credit card is presented as payment. The identification is required to verify that the card belongs to the payer. After the card is swiped or processed and the transaction has been authorized, the cashier must obtain the payer's signature on the credit card receipt. Over-the-phone credit card payments should not be accepted due to the inability to verify the identity of the card user which is necessary to ensure proper credit card authorization.

Failure to ensure that cashiers request a valid form of identification to verify that the payers name agrees to the card being presented for payment may result in credit card fraud. In addition, taking over-the-phone credit card payments increases the risk of credit card disputes which may result in the loss of County funds.

Recommendation:

Management should not process over-the-phone credit card transactions. Individuals calling and requesting to pay fees and fines should be notified that payments can be made online and referred to the Hidalgo County Clerk Website.

Observation No. 14:

During our review, it was noted that credit card transactions can be reversed. According to staff, reversals are usually made when a customer no longer wants to process the credit card payment and only if the original transaction was processed on the same day. According to staff, when a reversal is needed, the department is required to contact *Hamer* and to submit a written notice to process the credit card reversal.

The County Auditor's Office requires that credit card transaction reversals be prohibited. Prior to taking a credit card payment the amount being charged to the credit card should be checked to ensure that it is accurate. If after the payment has been processed, it is determined that the credit card transaction amount is incorrect, then the difference should be treated as an overpayment. If a refund needs to be issued, payment of refund should not be credited back to the individuals' credit card through a reversal, instead it must follow the same procedures as any other refund and be issued by check.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 93RD D.C.

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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.

L. KENO VASQUEZ
JUDGE, 398TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 449TH D.C.

Failure to ensure that credit card transactions are not reversed may result in the loss of County funds.

Recommendation:

Management should ensure that credit card transactions are not reversed. If a refund is due to the payer, it must be processed as a refund check.

Please provide written management responses to the observations noted above by January 30, 2018. In addition, please provide us with copies of the written procedures and internal controls established by your department for the handling of cash and cash equivalent transactions. The written 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, training that will be provided, 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.

Please provide our office with copies of the procedures by January 30, 2018.

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, please contact Gricelda Quintero, Internal Auditor II, at 318-2511 ext. 4643, Yvonne Torres, Revenue Audit Supervisor, at ext. 4646, Letty Chavez, Director of Audit Division, at ext. 4651, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA, MBA
County Auditor

cc: Valde Guerra, County Executive Officer



HIDALGO COUNTY DISTRICT JUDGES

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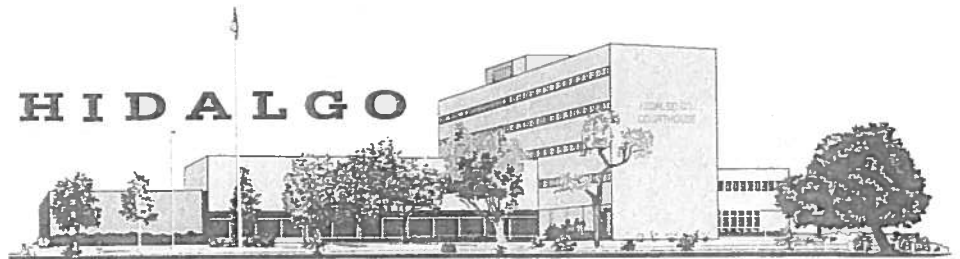
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COUNTY OF HIDALGO

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

January 17, 2018

Honorable Arturo Guajardo, Jr.
Hidalgo County Clerk
100 N. Closner, 1st Floor
Edinburg, TX 78539

Ref: Cash Count
Report No. 2017-534

Dear Mr. Guajardo:

We conducted a surprise cash count of the cash held at the Hidalgo County Clerk's Collections Department on August 29, 2017, 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:

The total cash on hand at the time of the cash count was \$18,643.40. 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 that the cashier at the Collections Department comingled funds belonging to the County Clerk and District Clerk. According to staff, each cashier maintains one cash register to safeguard County Clerk and District Clerk collections. Clerks are instructed to separate County Clerk and District Clerk collections by placing collections either on the cash box tray or underneath the cash box tray. However, at the time of the cash count, collections for both County Clerk and District Clerk were comingled.

Pursuant to County Auditor's Office *Cash Handling Guidelines and Procedures*, "Cash received for payment should not be comingled with cash received on behalf of other departments."

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 449TH D.C.

Failure to ensure that cash received for payment is not comingled with cash received on behalf of other departments may result in the loss or misuse of County funds.

Recommendation:

Management should ensure that cash received for payment is not comingled with cash received on behalf of other departments. An additional cash bag or cash box should be obtained to ensure the collections are not comingled.

Observation No. 2:

We noted that the County Clerk's Office does not use the County Auditor's Office "Cash Handling Guidelines and Procedures" to train employees. Instead, the County Clerk's Office requires employees to read and sign an acknowledgment of their understanding of the County Clerk's "Daily Cashiering Procedures." The "Daily Cashiering Procedures" does not include everything that is required on the County Auditor's Office "Cash Handling Guidelines and Procedures."

The County Auditor's Office requires that departments train all employees responsible for handling cash regarding proper cash handling procedures. The employees handling cash must read the "Cash Handling Guidelines and Procedures" and sign a receipt acknowledging their understanding of these guidelines and procedures. The acknowledgment receipt should be kept on file by the department.

Failure to ensure that staff is trained on the County Auditor's Office "Cash Handling Guidelines and Procedures" increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that, in addition to the County Clerk's Office "Daily Cashiering Procedures", employees responsible for handling cash are trained regarding proper cash handling procedures by reading the "Cash Handling Guidelines and Procedures" and signing a receipt acknowledging their understanding of the guidelines.

Observation No. 3:

We noted that daily cash reconciliations are not documented on the *Cashier's Daily Close-out Report* (Close-out Report). Instead, cash on hand is reconciled to receipts issued and the change fund on a daily basis by generating a Till Balance Report from Odyssey and by running a tape to confirm collections. According to staff, they do not believe it is necessary to prepare a Close-out Report at the Collections Department since the reconciliation is performed by the bookkeepers at the County Clerk's main office.

The County Auditor's Office requires that cash on hand be reconciled to receipts issued and the change fund on a daily basis utilizing the *Cashier's Daily Close-out Report* (Close-out Report). The following procedures should be implemented consistently when preparing the Close-out Report:

1. The Cashier must count the money and record the appropriate amounts on the Close-out Report.
2. The Witness must generate a daily recap of collections report issued for the day and record the total and beginning and ending receipt numbers on the Close-out Report.
3. The Witness must confirm that the amount recorded by the Cashier agrees to the daily recap of collections report and the change fund, if any. Any variances must be noted with a detailed explanation.
4. Both the Cashier and the Witness must verify that the Close-out Report is completed in its entirety. Both the Cashier and Witness must sign the Close-out Report to document their responsibility for this verification.
5. Copies of the Close-out Report, and checks/money orders/cashier's checks etc., shall be maintained by the department. This documentation shall be made available to the County Auditor's Office for review upon request.

Daily close-out procedures documented on the Close-out Report help to uncover discrepancies between actual cash collected and recorded amounts in a timely manner.

Recommendation:

Management should ensure that the daily cash reconciliation is documented by the cashiers on the Close-out Report.

Observation No. 4:

A schedule of fees is not posted in a conspicuous location for the public's view. According to staff, a schedule of fees does not need to be posted since a bill of cost is given to defendants at the time of judgment.

HIDALGO COUNTY DISTRICT JUDGES

The County Auditor's Office requires that a schedule of fees that will be charged pursuant to state statutes and/or Commissioners Court approval be posted in a conspicuous location for the public's view.

Failure to post the schedule of fees in a conspicuous location 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.

Observation No. 5:

We noted during our review that a notice stating, "Make sure you receive an official County receipt when making payments at this office," along with a sample of the official County receipt were not posted for the public's view. According to staff, department recently moved locations and during the transition the notice was accidentally destroyed.

The County Auditor's Office requires departments to post a notice visible to the public stating "Make sure you receive an official County receipt when making payments at this office." A sample of each official County receipt issued by the department must be posted by the notice so the public will know what type of receipt to expect.

Involving the customer in ensuring they receive a receipt reduces the risk that the employee collecting the cash may not record all receipts or record the receipt for a lesser amount.

Recommendation:

Management should ensure that a notice stating "Make sure you receive an official County receipt when making payments at this office" along with a sample receipt is posted in a conspicuous location for the public's view.

Observation No. 6:

We noted that cashiers and collectors (Collection Department agents responsible to contact defendants to inform them of their delinquent status in an effort to collect fees due by submitting payment at the Collections Department office) accept over the phone credit card payments. According to staff, credit card payments over the phone are done through the County Clerk's EZ Justice Portal. The cashiers are required to obtain the cardholder's name, address, and credit card security code to process the credit card payment. Once the credit card payment is processed and accepted, Hamer's credit card receipt is sent to the defendant's or to the cashier/collector's e-mail, if defendant does not have an e-mail address. Subsequently, the credit card payment is receipted into Odyssey and the system generated receipt is sent to the defendant through mail. Staff has indicated that the credit card payment is processed as if the defendant would have made the payment from their home and the acceptance of credit card payments over the phone has increased their collections.

The County Auditor's Office requires that the cashier request identification from the payer when a debit or credit card is presented as payment. The identification is required to verify that the card belongs to the payer. After the card is swiped or processed and the transaction has been authorized, the cashier must obtain the payer's signature on the credit card receipt. Over-the-phone credit card payments should not be accepted due to the inability to verify the identity of the card user which is necessary to ensure proper credit card authorization.

Failure to ensure that cashiers request a valid form of identification to verify that the payers name agrees to the card being presented for payment may result in credit card fraud. In addition, taking over-the-phone credit card payments increases the risk of credit card disputes which may result in the loss of County funds.

Recommendation:

Management should refrain from processing over-the-phone credit card transactions. Individuals calling and requesting to pay fines should be notified that payments can be made online and referred to the EZ Justice Portal on the Hidalgo County Clerk Website.

Observation No 7:

We noted that a District Clerk manual receipt was not properly voided. According to staff, a manual receipt was to be issued when the receipting system was down; however, the system came back again and a computerized receipt was issued instead. The original copy of the manual receipt was kept in the receipt book; however, the manual receipt was not marked "VOID" and did not contain the date of void and supervisor's signature approving the void.

The County Auditor's Office requires that if a receipt is voided, the cashier must obtain approval by his/her supervisor prior to voiding the receipt. The supervisor must sign and date the voided receipt to document

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JUDGE, 436TH D.C.

RENEE R. BETANCOURT
JUDGE, 449TH D.C.

responsibility for verifying that all copies of the receipt are marked "VOID" on the face of the receipt, contain an explanation for the void, and contain the date the receipt was voided.

Formal procedures have not been developed and implemented to ensure that voided receipts are properly voided.

Recommendation:

Management should implement procedures to ensure that void receipts are properly voided.

Observation No. 8:

We were made aware at the time of the cash count that the County Clerk Collections Department was relocated to a new location. However, the County Auditor's Office was not notified of the new collection point.

The County Auditor's Office requires that County officers provide written notice to the County Auditor's Office that includes the reason(s) for the cash collection point(s) and the location of cash collection point(s).

Formal procedures were not in place to ensure that formal notification was given to the County Auditor's Office.

Recommendation:

Management should implement procedures to ensure that formal notification is given to the County Auditor's Office when a new collection point is established.

Please provide written management responses to the observations noted above by January 30, 2018.

In addition, please provide us with copies of updated written procedures and internal controls, if any, established by your department for the handling of cash and cash equivalent transactions by January 30, 2018. The written procedures manual 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, training that will be provided, 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, please contact Gricelda Quintero, Internal Auditor II, at ext. 4643, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Leticia Chavez, Director of Audit, at ext. 4651, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA, MBA
County Auditor

cc: Honorable Laura Hinojosa, Hidalgo County District Clerk
Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

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J. R. "BOBBY" FLORES
JUDGE, 135TH D.C.

ROSE GUERRA REYNA
JUDGE, 266TH D.C.

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

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

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

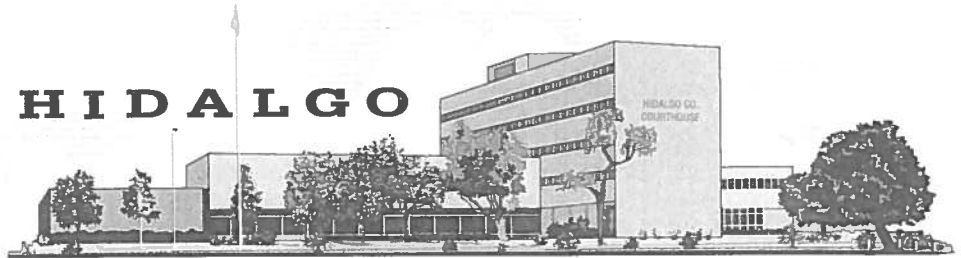
L. KENO VASQUEZ
JUDGE, 398TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 449TH 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

January 18, 2018

The Honorable Bobby Contreras
Justice of the Peace, Pct. 2, Pl. 1
300 W. Hall Acres, Suite F
Pharr, Texas 78577

Re: Cash Count
Report No. 2017-538

Dear Judge Contreras:

We conducted a surprise cash count of the cash held at your office on November 9, 2017 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 cash on hand as of the time of the cash count. In addition, we evaluated the procedures in place related to 1.) the collections process, 2.) accounting of citations and civil cases filed with the court, and 3.) documenting the authorization of dismissed criminal cases for the period of October 1, 2017 through October 31, 2017. 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, segregation of duties, filing of citations and civil cases, and documenting the authorization of dismissed cases.

Conclusion:

Total cash on hand at the time of the cash count was \$2,430.25. Based on the results of our review, we have concluded that total cash on hand did not reconcile to the total receipts issued for the day up to the time of the cash count (see Observation 2). In addition, 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:

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

HIDALGO COUNTY DISTRICT JUDGES

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

RODOLFO DELGADO
JUDGE, 93RD D.C.

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

ROSE GUERRA REYNA
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JUDGE, 449TH D.C.

1. Citations received from law enforcement agencies, except for Department of Public Safety (DPS), and civil cases were not recorded on a log. DPS automatically uploads the citations into *Odyssey*.
2. A reconciliation of citations and civil cases filed at the court to those recorded on *Odyssey*, the case management system, was not conducted and formally documented; and
3. Duties related to citations and civil cases are not properly segregated. Individuals responsible for issuing receipts (custody responsibility) are also responsible for entering citations into *Odyssey* (recording responsibility).

According to the Court Coordinator, due to a heavy case load and limited staff, procedures for the accounting of citations and civil case filings have not been improved.

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 *Odyssey*, 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 *Odyssey*. Since the person responsible for entering the citations/civil cases into *Odyssey* 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 *Odyssey* 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 *Odyssey* and reconciled to the log by a person other than the person responsible for entering the citations into *Odyssey*. 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 *Odyssey*.
- 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.

Maintaining adequate internal controls over citations 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.

Failure to ensure that citations and civil cases are properly accounted and reconciled or that compensating controls are implemented increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that citations and civil cases are properly accounted and reconciled. The procedures noted above should be implemented. If the procedures cannot be implemented, management should ensure that compensating controls are implemented.

Observation No. 2:

Total cash on hand at the time of the cash count exceeded receipts issued by \$2,153.00 due to 13 mail-in payments that had not been receipted at the time of the cash count. Of the 13 checks:

HIDALGO COUNTY DISTRICT JUDGES

- 11 were subsequently receipted.
- 2 checks have not been receipted. According to staff, the checks were sent back to the payor; however, we were unable to confirm that the checks were returned since a log to document returned checks is not used.

The County Auditor's Office requires that all payments, including mail-in payments, be promptly recorded and controlled using pre-numbered official County receipts. Collections must be deposited on a daily basis, unless the amount collected is less than \$100.00. If a payment discrepancy occurs (i.e. check made out to the incorrect person, check made out for the incorrect amount, etc.), a pre-numbered manual Official County receipt should be issued. Once the discrepancy is resolved, an Official County receipt from the electronic receipting system should be issued and refund check issued, if applicable. In the alternative, the department may return the payment to the sender. If the department returns the payment, a log should be utilized to document the return of checks that includes: the name of the person/entity to whom the check is returned; return address; check date; check amount; date returned; and reason for return. A copy of all checks returned should be maintained on file.

Failure to ensure that all payments are promptly receipted and that a log is used to document returned checks may result in the loss or misuse of County funds.

Recommendation:

Management should ensure that all payments are promptly receipted and that a log is used to document returned checks. At a minimum, the procedures noted above should be implemented.

Observation No. 3:

A schedule of authorized fines and fees was not posted in a conspicuous location for the public's view. According to staff, the office does not have a schedule of fines and fees available for posting.

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

Failure to post a schedule of authorized fines and fees in a conspicuous location for the public's view increases the risk that the cashier may over-collect from a customer and misappropriate the difference without detection.

Recommendation:

Management should develop and post a schedule of authorized fines and fees in a conspicuous location for the public to see.

Observation No. 4:

Although security cameras are utilized, the security cameras are not utilized where cash is received and safeguarded. According to the Court Coordinator, the Justice of the Peace does not want cameras in the receipting area because of the cashiers' privacy.

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 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.

The use of security cameras acts as a crime deterrent. Failure to utilize security cameras increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that the security cameras are installed in areas where cash collections are received and safeguarded.

HIDALGO COUNTY DISTRICT JUDGES

Observation No. 5:

According to staff, 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. According to staff, only checks received from businesses and/or attorneys are accepted.

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 and reference the hot check list increases the risk of accepting checks that will not clear the bank.

Recommendation:

Management should request the “hot check” listing from the County Treasurer’s Office.

Observation No. 6:

A mail log was not utilized to record payments received through the mail. According to staff, a mail log is not prepared due to limited staff and time, and the large quantity of mail received.

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 mail-in payments are recorded on a daily mail log increases the risk that payments could be lost or misappropriated without detection.

Recommendation:

Management should ensure that a daily mail log is prepared 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.

Observation No. 7:

We noted during our review that collections are not consistently transported to the bank in a locked cash bag. According to the Court Coordinator, the court mainly receives money orders; therefore, locked cash bags are not needed to transport deposits to the bank.

The County Auditor’s Office requires that cash be secured in a locked cash bag when transporting deposits to the bank. 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 secure collections in a locked cash bag increases the risk of unauthorized access before the collections can be deposited in the bank.

Recommendation:

Management should ensure a locked cash bag is utilized when transporting deposits to the bank. At a minimum, the procedures noted above should be implemented.

Observation No. 8:

We noted during our review that segregation of duties over the handling of collections requires improvement. The Court Coordinator performs the following incompatible duties:

- Custody: Receives money, issues receipts, opens mail receipts, balances copies of receipts against cash drawer, maintains a cash drawer, and prepares bank deposits
- Recording: Accounts for numerical sequence of cash receipts, has access to dismiss cases in *Odyssey*, prepares daily and monthly reports

HIDALGO COUNTY DISTRICT JUDGES

In addition, the Assistant Court Coordinators and Clerks perform the following incompatible duties:

- o Custody: Receives money, issues receipts, opens mail receipts, balances copies of receipts against cash drawer, maintains a cash drawer, and prepares bank deposits
- o Recording: Accounts for numerical sequence of cash receipts and has access to dismiss cases in *Odyssey*

According to staff, due to a heavy case load and limited number of staff, proper segregation of duties over the handling of collections has not been implemented.

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 money, issuing receipts, opening mail receipts, balancing copies of receipts against cash drawer, maintaining a cash drawer, and preparing bank deposits should be different from the individual accounting for numerical sequence of cash receipts, having access to dismiss cases in *Odyssey*, and preparing daily and monthly reports.

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 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. 9:

Passwords to gain access to *Hamer*, the County's credit card system, are not changed at least every 90 days. According to court coordinator, *Hamer* prompts them to change passwords every six months.

The Information Technology (IT) Securities Policy requires that passwords be changed at least every 90 days.

Failure to change passwords may increase the risk of unauthorized access to *Hamer*.

Recommendation:

Management should contact the Information Technology Department to request their assistance regarding this recommendation. If this is not feasible, management should monitor that employees change their passwords at least every 90 days.

Please provide written management responses to the observations noted above by February 2, 2018. In addition, management should develop and implement procedures for the handling of cash and cash equivalent transactions.

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;

HIDALGO COUNTY DISTRICT JUDGES

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.

Please provide our office with copies of the procedures by February 8, 2018.

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 should have any questions or would like to schedule a meeting to discuss this cash count, please do not hesitate to contact Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Renán Ramirez, Chief Information Officer



HIDALGO COUNTY DISTRICT JUDGES

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

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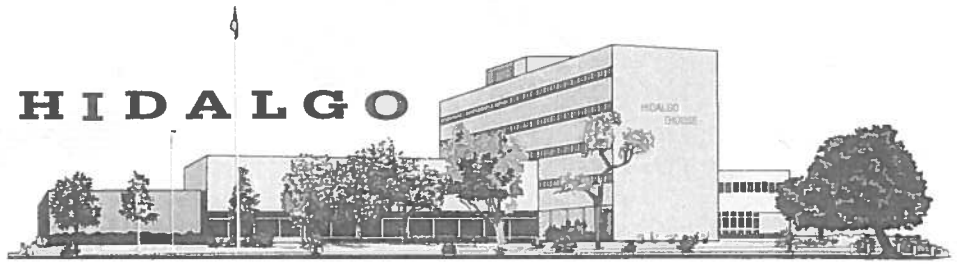
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COUNTY of HIDALGO

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WEBSITE: www.co.hidalgo.tx.us/auditor



EDINBURG, TEXAS 78539

January 16, 2018

The Honorable Luis J. Garza
Justice of the Peace Precinct 3, Place 1
730 N. Breyfogle Rd., Suite C
Mission, TX 78572

Ref: Cash Count
Report No. 2017-540

Dear Judge Garza:

We conducted a surprise cash count of the cash held at your office on August 15, 2017, as required by Local Government Code § 115.0035. The objective of the cash count was to determine that total cash on hand reconciled to the total receipts issued up to the time of the cash count.

Scope:

The scope of our review was limited to a count of cash on hand as of the time of the cash count. In addition, we evaluated the procedures in place related to 1.) the collections process, 2.) accounting of citations and civil cases filed with the court, and 3.) documenting the authorization of dismissed criminal cases for the period of July 1, 2017 through July 31, 2017. 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, segregation of duties, filing of citations and civil cases, and documenting the authorization of dismissed cases.

Conclusion:

The total cash on hand at the time of the cash count was \$18,772.45. 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. 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:

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

1. Citations received from law enforcement agencies, except for Department of Public Safety (DPS), and civil cases were not recorded on a log. DPS automatically uploads the citations into Odyssey.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 449TH D.C.

2. A reconciliation of citations and civil cases filed at the court to those recorded on *Odyssey*, the case management system, was not conducted and formally documented; and
3. Duties related to citations and civil cases are not properly segregated. Individuals responsible for issuing receipts (custody responsibility) are also responsible for entering citations into *Odyssey* (recording responsibility).

According to staff, due to a heavy case load and limited staff, procedures for the accounting of citations and civil case filings have not been improved.

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 *Odyssey*, 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 *Odyssey*. Since the person responsible for entering the citations/civil cases into *Odyssey* 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 *Odyssey* 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 *Odyssey* and reconciled to the log by a person other than the person responsible for entering the citations into *Odyssey*. 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 *Odyssey*.
- 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.

Maintaining adequate internal controls over citations 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.

Failure to ensure that citations and civil cases are properly accounted and reconciled or that compensating controls are implemented increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that citations and civil cases are properly accounted and reconciled. If these procedures cannot be implemented, management should ensure that compensating controls are implemented.

Observation No. 2:

We noted during our review that segregation of duties over the handling of collections requires improvement.

The Court Coordinator performs the following incompatible duties:

HIDALGO COUNTY DISTRICT JUDGES

- o Custody: Receives money, issues receipts, balances receipts issued to cash on hand, and maintains a cash drawer.
- o Recording: Accounts for numerical sequence of cash receipts and prepares monthly reports
- o Authorization: Subsequently compares listed mail receipts to recorded cash receipts

According to staff, segregation of duties is difficult to implement due to limited staff and heavy workload.

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 money, issuing receipts, balancing receipts issued to cash on hand, and maintaining a cash drawer should be different from the individual responsible for accounting for numerical sequence of cash receipts and preparing monthly reports. In addition, the individuals previously noted should be different from the individual responsible for subsequently 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 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. 3:

We randomly selected 17 of 174 (10%) dismissed criminal cases for the month ended July 31, 2017 to determine if authorization for dismissal of the cases was properly documented. The results of the review revealed the following:

1. 3 dismissed cases were not properly documented, as follows:
 - 1 dismissed case lacked the “Motion to Dismiss” submitted by the District Attorney’s Office and an “Order to Dismiss” signed by the Justice of the Peace.
 - 2 dismissed cases did not contain the reason(s) for the dismissal in the applicable docket.

According to the Court Coordinator, the “Motion to Dismiss” has been not been scanned into the case file in Odyssey because it has been filed with the District Attorney’s Office and is still in their possession.

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:

- “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.

HIDALGO COUNTY DISTRICT JUDGES

Failure to properly document dismissals may result in sanctions from the State Commission on Judicial Conduct and/or loss or misuse of County funds.

Recommendation:

Management should ensure that dismissals are properly documented. At a minimum, the procedures noted above should be implemented.

Observation No. 4:

Passwords to gain access to *Hamer's* online portal, the County's credit card system, are not changed at least every 90 days. According to staff, the password for online credit card payments has not been changed in more than a year; however, passwords for in-house payments are prompted to change every three months.

The Information Technology Securities Policy requires that passwords be changed at least every 90 days. In addition, unique user ID's and passwords must be assigned to each employee responsible for handling cash.

Failure to change passwords may increase the risk of unauthorized access to *Hamer*.

Recommendation:

Management should contact the Information Technology Department to request their assistance regarding this recommendation.

Observation No. 5:

A notice stating that "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 not posted since only money orders and company checks are accepted.

The County Auditor's Office requires that a notice stating, "A \$ ____ fee will be collected on all returned checks" is posted in a conspicuous location for the public's view. In addition, money orders are to be treated like checks. Although it is unlikely for a money order to be returned for insufficient funds, it is possible.

Posting the required notice will deter customers from issuing checks that will not clear the bank.

Recommendation:

Management should ensure that a notice stating, "A \$ ____ fee will be collected on all returned checks" is posted in a conspicuous location for the public's view.

Observation No. 6

A daily mail log is only prepared to record mail-in payments that are receipted. According to staff, the mail log is only prepared to record mail-in payments that are receipted since payments not receipted might be returned to the sender.

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 prepared to record all mail-in payments may result in the loss or misuse of County funds.

Recommendation:

Management should ensure that a daily mail log is prepared to record all mail-in payments. 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. If the payment needs to be returned to sender, supporting documentation can be attached to the mail log to support the reason the mail-in payment was not receipted.

Please provide written management responses to the observations noted above by January 26, 2018.

HIDALGO COUNTY DISTRICT JUDGES

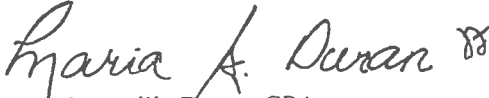
In addition, management should develop and implement procedures for the handling of cash transactions. These procedures should include, at a minimum, the following:

- 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.

Please provide our office with copies of the procedures by January 26, 2018.

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 Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Renán Ramirez, Chief Information 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, 206TH D.C.

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MARIO E. RAMIREZ, JR.
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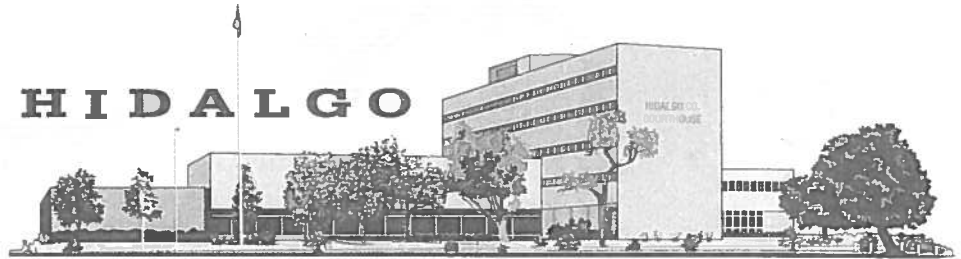
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JUDGE, 398TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 449TH 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

January 19, 2018

The Honorable Homer Jasso, Sr.
Justice of the Peace, Pct. 4, Pl.2
224 N. 12th Avenue
Edinburg, TX 78539

Re: Cash Count
Report No. 2017-543

Dear Judge Jasso:

We conducted a surprise cash count of the cash held at your office on November 20, 2017 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 cash on hand as of the time of the cash count. In addition, we evaluated the procedures in place related to 1.) the collections process, 2.) accounting of citations and civil cases filed with the court, and 3.) documenting the authorization of dismissed criminal cases for the period October 1, 2016 through October 31, 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 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, segregation of duties, filing of citations and civil cases, and documenting the authorization of dismissed cases.

Conclusion:

Total cash on hand at the time of the cash count was \$1,835.50. Based on the results of our review, we concluded that total cash on hand reconciled 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 collection and safeguarding of cash requires improvement as noted in the following observations.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	RODOLFO DELGADO JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	JUAN R. PARTIDA JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 448 TH D.C.
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Observation No. 1:

Although security cameras are utilized, they are not utilized in all areas where cash is received and safeguarded. According to the Court Coordinator, the cashier will be moved to the area where the cameras are installed.

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 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.

The use of security cameras acts as a crime deterrent. Failure to utilize security cameras where cash is received and safeguarded increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that the security cameras are installed in areas where cash collections are received and safeguarded.

Observation No. 2:

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. According to staff, the possibility of accepting a hot check is minimal since they only accept checks from businesses and/or attorneys.

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.

Referring to a "hot checks" list ensures that a check is not collected from a business or an attorney who have previously presented a "hot check" as payment. Failure to maintain a hot check list may result in the loss of County funds.

Recommendation:

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

Observation No. 3:

We noted during our review that segregation of duties over the handling of collections requires improvement. The Assistant Court Coordinators perform the following incompatible duties:

- o Custody: Receive money, issue receipts, list mail receipts, maintain a cash drawer
- o Recording: Have access to dismiss cases in *Odyssey*

According to staff, due to a heavy case load and limited number of staff, proper segregation of duties over the handling of collections has not been implemented.

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 money, issuing receipts, listing mail receipts, and maintaining a cash drawer should be different from the individual responsible for having access to dismiss cases on *Odyssey*.

HIDALGO COUNTY DISTRICT JUDGES

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 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. 4:

A notice stating "A \$__ fee will be collected on all returned checks", was not posted where the collections are taken. According to the Court Coordinator, the notice is not needed since only checks received from businesses and/or attorneys are accepted.

The County Auditor's Office requires that a notice stating "A \$__ fee will be collected on all returned checks" is posted in a conspicuous location for the public's view.

If individuals are informed that a fee is collected for returned checks, it reduces the risk that a "hot check" will be presented for payment.

Recommendation:

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

Observation No. 5:

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

1. Citations received from law enforcement agencies, except for Department of Public Safety (DPS), and civil cases were not recorded on a log. DPS automatically uploads the citations into *Odyssey*.
2. A reconciliation of citations and civil cases filed at the court to those recorded on *Odyssey*, the case management system, was not conducted and formally documented; and
3. Duties related to citations and civil cases are not properly segregated. Individuals responsible for issuing receipts (custody responsibility) are also responsible for entering citations into *Odyssey* (recording responsibility).

According to the Court Coordinator, due to a heavy case load and limited staff, procedures for the accounting of citations and civil case filings have not been improved.

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 *Odyssey*, 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 *Odyssey*. Since the person responsible for entering the citations/civil cases into *Odyssey* has recording responsibilities, he/she should not be responsible for accepting payments.

HIDALGO COUNTY DISTRICT JUDGES

- 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 *Odyssey* 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 *Odyssey* and reconciled to the log by a person other than the person responsible for entering the citations into *Odyssey*. 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 *Odyssey*.
- 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.

Maintaining adequate internal controls over citations 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.

Failure to ensure that citations and civil cases are properly accounted and reconciled or that compensating controls are implemented increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that citations and civil cases are properly accounted and reconciled. The procedures noted above should be implemented. If the procedures cannot be implemented, management should ensure that compensating controls are implemented.

Observation No. 6:

We randomly selected 13 of 64 (20%) dismissed criminal cases for the period of October 1, 2017 through October 31, 2017 to determine if authorization for the dismissal of the criminal cases were properly documented.

A review of the 13 cases revealed the following:

- 8 cases did not contain proper documentation authorizing dismissal of the case. The dismissals contained the reason for the dismissal noted on the docket book; however, the "Motion to Dismiss" by the District Attorney, an "Order to Dismiss" by the Justice of the Peace, and copies of documents as proof of dismissal were not maintained.
- 5 cases contained proper documentation authorizing dismissal of the case. The dismissals contained a "Motion to Dismiss" by the District Attorney, an "Order to Dismiss" by the Justice of the Peace, and reasons for the dismissal noted on the applicable docket; however:

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:

HIDALGO COUNTY DISTRICT JUDGES

- “Motion to Dismiss” submitted by the District Attorney’s Office and an “Order to Dismiss” 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 hunting license, motor vehicle registration, valid driver’s license, etc.), and
- Reason(s) for the dismissal noted in the applicable docket book.

Formal monitoring procedures have not been developed and implemented to ensure the authorization for dismissal of criminal cases is properly documented. Failure to properly document dismissals may result in sanctions from the State Commission on Judicial Conduct and/or loss or misuse of County revenues.

Recommendation:

Management should develop and implement formal monitoring procedures to document the authorization of case dismissals. At a minimum, the procedures noted above should be implemented.

Observation No. 7:

We noted that the deposit slips did not contain the receipt sequence.

The County Auditor’s Office requires that the deposit slips contain sufficient information to identify the cash receipts for which the deposit is made. Deposit slips must include the date of deposit, receipt sequence, amount of currency and coins, a listing of check numbers and amounts, and the total dollar amount of the deposits.

Failure to ensure that the deposit slips contain the receipt sequence may increase the risk that discrepancies between receipts and deposits are not discovered in a timely manner.

Recommendation:

Management should ensure that the deposit slips contain the receipt sequence.

Observation No. 8:

We noted that the *Cashier’s Daily Close-out Reports* do not always contain the signature of an employee responsible for witnessing the reconciliation.

The County Auditor’s Office requires that each day, the cashier reconcile the cash drawer against receipts issued and the change fund, if any, using the *Cashier’s Daily Close-Out Report* (the Close-Out Report). The reconciliation must be witnessed by another person.

Failure to ensure that the reconciliation is witnessed by another person may increase the risk that discrepancies between amounts collected and receipts issued are not discovered in a timely basis.

Recommendation:

Management should ensure that cash reconciliations are witnessed by another person.

Please provide written management responses to the observations noted above by February 2, 2018. In addition, management should develop and implement procedures for the handling of cash and cash equivalent transactions.

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;

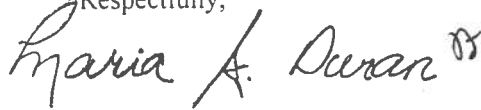
HIDALGO COUNTY DISTRICT JUDGES

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.

Please provide our office with copies of the procedures by February 2, 2018.

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 should have any questions or would like to schedule a meeting to discuss this cash count, please do not hesitate to contact Araceli A. Guillen, Internal Auditor I, at 318-2511 ext. 4649, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 92ND 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
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

January 3, 2018

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

Re: Cash Count
Report No. 2017-550

Dear Mr. Olivarez:

We conducted a surprise cash count of the cash held at the Hidalgo Health Clinic on August 31, 2017 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 \$50.00. Based on the results of our review, we have concluded that total cash on hand did reconcile to the approved change fund of \$50.00. 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 that security cameras were not utilized where cash is receipted and safeguarded; however, there is a security alarm system in place for the building. According to management, security cameras have not been installed due to budgetary constraints.

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

HIDALGO COUNTY DISTRICT JUDGES

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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 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 that is placed in the locked cash bag by the bank teller corresponds to the amount being deposited.

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. In addition, the bank should have the keys to the cash bag that are utilized for making deposits.

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.

Observation No. 3:

We noted during our review that segregation of duties over the handling of cash requires improvement. The Clerk manager performs the following incompatible duties:

- o Custody: Receives money, issues receipts, balances copies of receipts against the cash drawer, maintains a cash drawer, prepares bank deposits, and has access to inventory of unused receipts
- o Recording: Accounts for the numerical sequence of receipts, maintains an inventory log of unused receipts, and prepares reports of cash received

In addition, the Clerk performs the following incompatible duties:

- o Custody: Receives money, issues receipts, balances copies of receipts against the cash drawer, maintains a cash drawer, prepares bank deposits, and has access to inventory of unused receipts
- o Recording: Accounts for the numerical sequence of receipts, maintains an inventory log of unused receipts, and prepares reports of cash received

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 money, issuing receipts, balancing copies of receipts against the cash drawer, maintaining a 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 receipts, maintaining an inventory log of unused receipts, and preparing reports of cash received.

HIDALGO COUNTY DISTRICT JUDGES

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

Recommendation:

Management should ensure that incompatible duties are adequately segregated. If incompatible duties cannot be adequately segregated, management should ensure that compensating controls are implemented.

Please provide written management responses to the observations noted above by January 19, 2018. In addition, information regarding the items listed below was previously provided to our office; however, please provide any updated procedures, if applicable, by January 19, 2018.

- 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, please contact Marissa Castillo, Internal Auditor II, at 318-2511 ext. 4650, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
County Auditor

cc: Mr. Valde Guerra, County Executive Officer



HIDALGO COUNTY DISTRICT JUDGES

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

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

L. KENO VASQUEZ
JUDGE, 398TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 449TH 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

January 18, 2018

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. 2017-551

Dear Mr. Olivarez:

We conducted a surprise cash count of the cash held at the Mission Health Clinic on November 13, 2017 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 \$125.00. Based on the results of our review, we have concluded that 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 \$50.00. 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 that security cameras were not utilized where cash is receipted and safeguarded. According to management, security cameras have not been installed due to budgetary constraints.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 32ND D.C.

RODOLFO DELGADO
JUDGE, 51ST D.C.

J. R. "BOBBY" FLORES
JUDGE, 135TH D.C.

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

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

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JUDGE, 398TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 449TH D.C.

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 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.

The use of security cameras act as a crime deterrent. Failure to ensure that security cameras are utilized where cash is received and safeguarded increases the 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. The Clerk Manager and two Clerks perform the following incompatible duties:

- o Custody: Receive money, 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 receipts
- o Recording: Accounts for the numerical sequence of receipts and prepares reports of cash received

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 money, issuing receipts, balancing copies of receipts against the cash drawer, maintaining a 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 receipts and preparing reports of cash received.

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.

Please provide written management responses to the observations noted above by February 2, 2018.

In addition, information regarding the items listed below was previously provided to our office; however, please provide any updated procedures, if applicable, by February 2, 2018. These procedures should include, at a minimum, the following:

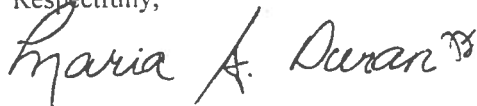
- a. An office organizational chart;
- b. Location of cash collection points;

HIDALGO COUNTY DISTRICT JUDGES

- 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 II, at (956) 318-2511, ext. 4643, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, 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, 138TH D.C.

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

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

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JUDGE, 332ND D.C.

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JUDGE, 370TH D.C.
OVERSEER

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JUDGE, 449TH D.C.

COUNTY of HIDALGO

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EDINBURG, TEXAS 78539

January 18, 2018

Mr. Arnold K. Patrick, Director
Community Supervision and Corrections Department
3100 South Business Highway 281
Edinburg, TX 78539

Re: Cash Count
Report No. 2017-554

Dear Mr. Patrick:

We conducted a surprise cash count of the cash held at the Community Supervision and Corrections Department-Court Services (Old Administration Building) on November 14, 2017 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 \$604.00. Based on the results of our review, we 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 \$200.00. 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 that a *Daily Money Recap* form is used to reconcile collections instead of the *Cashier's Daily Close-out Report* (see attached report) prescribed by the County Auditor's Office. The *Daily Money Recap* form does not document the reconciliation of credit card collections. According to management, the Accountant reconciles all credit card collections to the *Hamer Enterprises'* Online payment report for each cashier as part of the daily cash reconciliation process; however, the reconciliation is not formally documented. In addition, according to staff, the *Cashier's Daily Close-out Report* is not used since it has not been approved by management.

The County Auditor's Office requires that cashiers reconcile collections to all receipts issued and the approved change fund, if any, on a daily basis by utilizing the *Cashier's Daily Close-out Report*. The reconciliation of credit card payments must be documented on the *Cashier's Daily Close-out Report*.

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.

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JUDGE, 332ND D.C.

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JUDGE, 370TH D.C.
OVERSEER

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JUDGE, 389TH D.C.

L. KENO VASQUEZ
JUDGE, 398TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 449TH D.C.

Failure to ensure that the reconciliation of credit card payments is documented may increase the risk that discrepancies between actual credit card collections and recorded amounts are not discovered in a timely manner.

Recommendation:

Management should ensure that the *Cashier's Daily Close-out Report* is used to reconcile all collections; including credit card payments.

Observation No. 2:

Passwords to gain access to *Hamer Enterprises*, the credit card processing system, are not changed at least every 90 days. According to staff, passwords to *Hamer Enterprises* have never been changed since the system does not prompt them to change the password.

The Information Technology (IT) Securities Policy requires that passwords be changed at least every 90 days.

Failure to change passwords may increase the risk of unauthorized access to *Hamer Enterprises*.

Recommendation:

Management should ensure that passwords are changed at least every 90 days.

Observation No. 3:

Security cameras were not utilized in all areas where cash is collected and safeguarded. There are two collection stations in the office. A camera is installed only in one station. In addition, a camera is not installed in the area where the change fund is safeguarded.

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.

The use of security cameras acts as a crime deterrent. 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 follow up with the Budget Office to ensure that security cameras are installed and utilized in all areas where cash collections are received and safeguarded.

Observation No. 4:

We noted during our review that a \$100.00 bill was set aside as change fund. According to staff, they haven't had sufficient change to use when needed. The employee responsible for the change fund has not gone to the bank to produce change.

The County Auditor's Office recommends that sufficient change be set aside to make change when cash is collected.

The change fund is a sum of money set aside for the purpose of making change when cash is collected. Having a change fund made of a large denomination will not allow staff to produce sufficient change when needed.

Recommendation:

Management should ensure that the change fund is a sum of small denominations in order to produce sufficient change when needed. The \$100.00 bill should be taken to the bank to produce change.

Please provide written management response to the observations noted above by February 2, 2018.

In addition, please provide us with copies of updated written procedures and internal controls, if any, established by your department for the handling of cash and cash equivalent transactions by February 2, 2018. The written procedures manual 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, training that will be provided, and description of how segregation of duties will be maintained;

HIDALGO COUNTY DISTRICT JUDGES

- 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 or would like to meet regarding this cash count, please contact Araceli A. Guillen, Internal Auditor I, at ext. 4649, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, or Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

Enclosure

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, 275TH D.C.

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

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JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

L. KENO VASQUEZ
JUDGE, 398TH D.C.

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

RENEE R. BETANCOUR
JUDGE, 449TH D.C.

**COUNTY OF HIDALGO, TEXAS
 CASHER'S DAILY CLOSE-OUT REPORT
 COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT
 ADULT PROBATION COURT SERVICES (OLD ADMIN)**

DATE OF COLLECTION: _____

CASH HELD BY: _____

TODAY'S DATE: _____

Time Started: _____

Time Completed: _____

PART I: CASH ON HAND BY ACTUAL COUNT

A.) TOTAL MONEY ORDERS (In Person)			\$ _____
B.) TOTAL MONEY ORDERS (By Mail)			\$ _____
C.) TOTAL CREDIT/DEBIT CARD TRANSACTIONS (In-House)			\$ _____
D.) TOTAL CREDIT/DEBIT CARD TRANSACTIONS (Online)			\$ _____
E.) CURRENCY	F.) COINS		
_____ ONES \$ _____	_____ PENNIES \$ _____		
_____ FIVES \$ _____	_____ NICKELS \$ _____		
_____ TENS \$ _____	_____ DIMES \$ _____		
_____ TWENTIES \$ _____	_____ QUARTERS \$ _____		
_____ FIFTIES \$ _____	_____ HALF DOLLARS \$ _____		
_____ HUNDREDS \$ _____	_____ SILVER DOLLARS \$ _____		
_____ OTHER \$ _____			
TOTAL \$ _____		TOTAL \$ _____	
TOTAL (A) - (F)			\$ _____
LESS: CHANGE FUND			\$ _____
TOTAL FUNDS RECEIVED			\$ _____
VARIANCE- OVERAGE/ (SHORTAGE)			\$ _____

*ATTACH TAPE OR LIST OF MONEY ORDERS

COMMENTS: _____

PART II: ACKNOWLEDGMENT AND APPROVAL

I have counted and acknowledge receipt of all cash collected.

COUNTED BY: _____ WITNESSED BY: _____

Cash was transferred to the possession of : _____

-Form to be completed by each cashier daily prior to the preparation of the Cashier's Daily Close-Out Report
 -Form to be maintained on file as per your records retention schedule

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
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WEBSITE: www.co.hidalgo.tx.us/auditor



EDINBURG, TEXAS 78539

January 17, 2018

The Honorable Pablo (Paul) Villarreal, Jr., RTA
Hidalgo County Tax Assessor/Collector
2804 South Business Highway 281
Edinburg, TX 78539

Re: Cash Count
Audit No. 2017-556

Dear Mr. Villarreal:

We conducted a surprise cash count of the cash held at the Pharr Tax Office on October 17, 2017 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 \$15,982.44. Based on the results of our review, we have concluded that 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 \$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:

As previously noted, security cameras were not utilized in the vault where cash is safeguarded. According to the Supervisor, the department has not approved a budget to purchase additional video equipment.

The County Auditor's Office recommends that 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.

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.
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JUDGE, 370TH D.C.
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JUDGE, 398TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 449TH D.C.

The use of security cameras act as a crime deterrent. Failure to ensure that security cameras are utilized where cash is safeguarded increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that security cameras are utilized where cash is safeguarded.

Observation No. 2:

We noted that checks received for payment were made payable to either Hidalgo County Tax Assessor Pablo "Paul" Villarreal Jr.; Pablo (Paul) Villarreal Jr. Assessor & Collector; or Pablo (Paul) Villarreal Jr. PCC. In addition, signs were posted for the public's view instructing them to make checks payable to "Pablo (Paul) Villarreal Jr. Tax Assessor & Collector". Furthermore, tax statements sent out to tax payers instruct payers to make checks payable to "Pablo (Paul) Villarreal Jr., PCC." According to staff, they believe the checks can be made payable to the name of the Tax Assessor since he is bonded.

On March 7, 2016, the County Auditor issued a letter to the Tax Assessor requiring cashiers to verify that checks are made payable to the Elected or Public Official's title (i.e. Hidalgo County Tax Assessor/Collector) prior to accepting a check as payment.

Failure to ensure that checks are made out to the Elected Official's title (i.e., Hidalgo County Tax Assessor/Collector) increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that checks are made out to the Elected Official's title (i.e., Hidalgo County Tax Assessor/Collector).

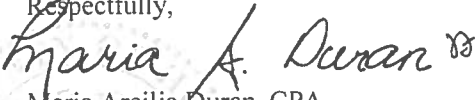
Please provide written management responses to the observations noted above by February 2, 2018. Procedures established by your department for the handling of cash were previously provided to the Auditor's Office; however, the procedures did not address the following:

- a. Location of cash collection points;
- b. Types of collections made by each cash collection point;
- c. The training that will be provided at the collection point and description of how segregation of duties will be maintained;
- d. 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;
 6. Computer hardware and software used; and
- e. A schedule of how often deposits will be made.

Please provide our office with copies of the procedures listed above and any updated procedures, if applicable, by February 2, 2018.

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 II, at (956) 318-2511 ext. 4643, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, or me at ext. 4645.

Respectfully,

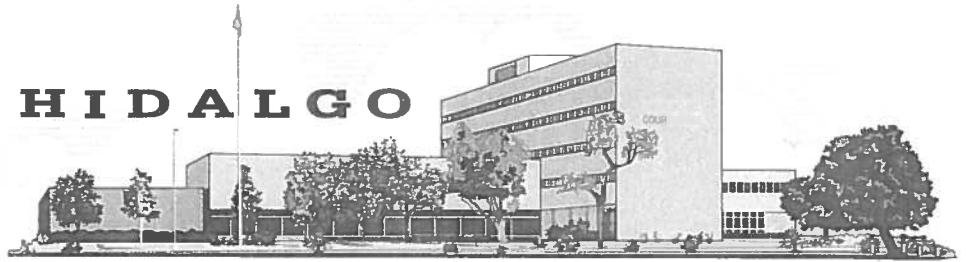

Maria Arcilia Duran, CPA
County Auditor

cc: Valde Guerra, County Executive Officer
Eva Mireles, Chief of Operations
Kristi Torres, Substation Supervisor

HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO

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EDINBURG, TEXAS 78539

January 18, 2018

The Honorable Pablo (Paul) Villarreal, Jr., RTA
Hidalgo County Tax Assessor/Collector
2804 South Business Highway 281
Edinburg, Texas 78539

Re: Cash Count
Report No. 2017-562

Dear Mr. Villarreal:

We conducted a surprise cash count of the cash held at the Elsa Tax Office on November 15, 2017, 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:

Total cash on hand at the time of the cash count was \$27,596.26. Based on the results of our review, we have concluded that total cash on hand generally did reconcile to the total receipts issued for the day up to the time of the cash count and the approved change fund of \$500.00. 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 one check received over-the-counter was not restrictively endorsed "For Deposit Only".

The County Auditor's Office requires that all checks received be immediately restrictively endorsed "For Deposit Only."

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, 332ND D.C.

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

L. KENO VASQUEZ
JUDGE, 398TH D.C.

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

RENÉE R. BETANCOURT
JUDGE, 449TH D.C.

Immediately limiting the negotiability of checks ensures that checks received can only be deposited into the County's bank account. Failure to ensure all checks received are endorsed "For Deposit Only" may result in the loss or misuse of County funds.

Recommendation:

Management should instruct staff to ensure that checks accepted as payment are immediately endorsed "For Deposit Only" upon receipt.

Observation No. 2:

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

- o Custody: Receives collections, issues receipts, maintains a cash drawer, balances copies of receipts issued to the cash drawer, and prepares bank deposits
- o Recording: Prepares reports of cash received

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 the assets, recording transactions, and authorization. The individual responsible for receiving collections, issuing receipts, maintaining a cash drawer, balancing copies of receipts issued to the cash drawer, and preparing bank deposits should be different from the individual responsible for preparing reports of cash received.

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 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.

Please provide a written management response to the observations noted above by February 2, 2018.

In addition, please provide our office with copies of the procedures listed below and any updated procedures, if applicable, by February 2, 2018.

- a. Location of cash collection points;
- b. Types of collections made by each cash collection point;
- c. The training that will be provided at the collection point and description of how segregation of duties will be maintained;
- d. 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;
 - 6. Computer hardware and software used; and
- e. A schedule of how often deposits will be made.

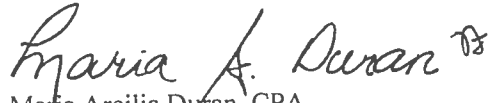
We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the cash count. If you have any questions regarding this cash count or would like to schedule a meeting to discuss this cash count, please contact Abigail Guajardo, MSA, Internal Auditor

HIDALGO COUNTY DISTRICT JUDGES

Honorable Pablo (Paul) Villarreal Jr.
January 18, 2018
Page 3 of 3

II, at (956) 318-2511, ext. 4652, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez,
Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4468, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
County Auditor

cc: Eva Mireles, Chief of Operations
Hermelinda Esparza, Substation Supervisor
Valde Guerra, County Executive Officer



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
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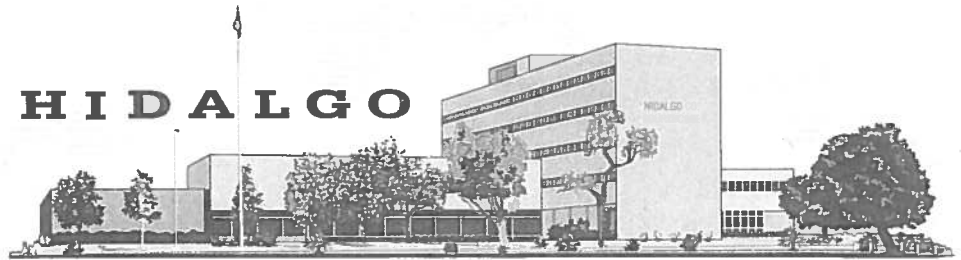
L. KENO VASQUEZ
JUDGE, 398TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 449TH 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

January 16, 2018

Honorable Marcos Ochoa
Justice of the Peace Precinct 3, Place 2
730 N. Breyfogle
Mission, TX 78572

Ref: Cash Count
Report No. 2017-564

Dear Judge Ochoa:

We conducted a surprise cash count of the cash held at the Justice of the Peace Precinct 3, Place 2 Office on October 23, 2017, 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 cash on hand as of the time of the cash count. In addition, we evaluated the procedures in place related to 1.) the collections process, 2.) accounting of citations and civil cases filed with the court, and 3.) documenting the authorization of dismissed criminal cases for the period of September 1, 2017 through September 30, 2017. 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, segregation of duties, filing of citations and civil cases, and documenting the authorization of dismissed cases.

Conclusion:

Total cash on hand at the time of the cash count was \$12,575.36. 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. 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 procedures for the accounting of citations received from law enforcement agencies and civil cases filed with the court require improvement as follows:

1. Citations received from law enforcement agencies, except for Department of Public Safety (DPS), and civil cases were not recorded on a log. DPS automatically uploads the citations into Odyssey.

HIDALGO COUNTY DISTRICT JUDGES

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2. A reconciliation of citations and civil cases filed at the court to those recorded on *Odyssey*, the case management system, was not conducted and formally documented; and
3. Duties related to citations and civil cases are not properly segregated. Individuals responsible for issuing receipts (custody responsibility) are also responsible for entering citations into *Odyssey* (recording responsibility).

According to the Court Coordinator, due to a heavy case load and limited staff, procedures for the accounting of citations and civil case filings have not been implemented.

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 *Odyssey*, 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 on *Odyssey*. Since the person responsible for entering the citations/civil cases on *Odyssey* 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 on *Odyssey* 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 *Odyssey* and reconciled to the log by a person other than the person responsible for entering the citations on *Odyssey*. 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 *Odyssey*.
- 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.

Maintaining adequate internal controls over citations 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.

Failure to ensure that citations and civil cases are properly accounted and reconciled or that compensating controls are implemented increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that citations and civil cases are properly accounted and reconciled. The procedures noted above should be implemented. If the procedures cannot be implemented, management should ensure that compensating controls are implemented.

Observation No. 2:

A schedule of authorized fines and fees for criminal cases was not posted. According to the Court Coordinator, a response is pending from the Information Technology Department for this schedule. Due to time constraints, the Court Coordinator has not followed up with the Information Technology Department.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 449TH D.C.

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

Observation No. 3:

We noted during our review that the receipt sequence is not consistently noted on the deposit slips. According to the Court Coordinator, the receipt sequence is not consistently noted on the deposit slips due to time constraints.

Pursuant to the Cash Handling Guidelines, "Deposit slips must contain sufficient information to identify the cash receipts for which the deposit is being made. Deposit slips must include the date of deposit, receipt sequence, amount of currency and coins, a listing of check numbers and amounts, and the total dollar amount of the deposit. If it is not possible to list all the checks collected, copies of the checks must be maintained and attached to the Close-out Report. According to the Court Coordinator, she will attempt to start noting the receipt sequence again.

Failure to properly prepare deposit slips may result in the misuse of County funds.

Recommendation:

Management should ensure that deposit slips are properly prepared. Please refer to the "Cash Handling Guidelines and Procedures" prescribed by the County Auditor's Office for the minimum procedures to be implemented for preparing deposit slips.

Observation No. 4:

We randomly selected 19 of 187 dismissed cases for the month ended September 30, 2017 to determine if authorization for dismissal of the cases was properly documented. The results of the review revealed the following:

1. 4 dismissed cases were related to deferral of final disposition. The case file for all 4 dismissed cases did not contain documentation to support the Justice of the Peace decision to defer further proceedings and authorization to dismiss the case. According to staff, a "Conditions of Deferred Disposition" form has been recently implemented to document the defendant's acknowledgment of the conditions, and the Justice of the Peace authorization.
2. 15 (79 %) dismissals were properly documented. The dismissals contained a "Motion to Dismiss" submitted by the District Attorney's Office, "Order to Dismiss" signed by the Justice of the Peace, and reason(s) for the dismissal noted in the applicable docket book.

Pursuant to Code of Criminal Procedure §45.051 (a), on a plea of guilty or nolo contendere by a defendant or on a finding of guilt in a misdemeanor case punishable by fine only and payment of all court costs, the judge may defer further proceedings without entering an adjudication of guilt and place the defendant on probation for a period not to exceed 180 days. On determining that the defendant has complied with the requirements imposed by the judge, the judge shall dismiss the complaint, and it shall be clearly noted in the docket that the complaint is dismissed and that there is not a final conviction. The Justice of the Peace decision to defer further proceedings and to dismiss the case must be documented.

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:

HIDALGO COUNTY DISTRICT JUDGES

- “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.

Failure to properly document dismissals may result in sanctions from the State Commission on Judicial Conduct and/or loss or misuse of County funds.

Recommendation:

Management should ensure that dismissals are properly documented. At a minimum, the procedures noted above should be implemented.

Observation No. 5:

We noted during our review that segregation of duties over the handling of collections requires improvement. The Clerk performs the following incompatible duties:

- o Custody: Receives money, issues receipts, opens and lists mail receipts, balances receipts against cash on hand, and maintains a cash drawer
- o Recording: Accounts for numerical sequence of cash receipts, has the ability to dismiss cases, and prepares reports of cash received

According to staff, segregation of duties is difficult to implement 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 money, issuing receipts, opening and listing mail receipts, balancing receipts against cash on hand, and maintaining a cash drawer should be different from the individual responsible for accounting for numerical sequence of cash receipts, having the ability to dismiss cases, and preparing reports of cash received.

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 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.

Please provide written management responses to the observations noted above by January 30, 2018. In addition, management should develop and implement procedures for the handling of cash and cash equivalent transactions. These procedures should include, at a minimum, the following:

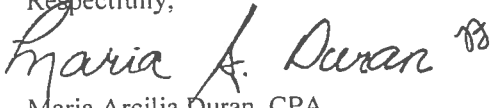
- a. An office organizational chart;
- b. Location of cash collection points;
- c. Types of collections made by each cash collection point;
- d. A list of those positions involved with the handling of cash, a description of their duties, and description of how segregation of duties will be maintained;
- e. A complete start to finish description of the following:

HIDALGO COUNTY DISTRICT JUDGES

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.

Please provide a copy of the written procedures by January 30, 2018. 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 should have any questions, contact Araceli A. Guillen, Internal Auditor I, at 318-2511 ext. 4649, Yvonne Torres, Revenue Internal Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4645, Linda Fong, First Assistant Auditor, at ext. 4668, or myself at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Valde Guerra, County Executive Officer



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 52ND D.C.

RODOLFO DELGADO
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
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