

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

December 17, 2019

The Honorable Richard F. Cortez, 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 Ellie Torres, Commissioner Precinct No. 4

Dear Judge and Commissioners:


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

Department	Description
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Hidalgo County Tax Collected Reports for August 2019 and September 2019
Ms. Yvonne Ramon, Elections Administrator	Monthly Fees Report for August 2019
Ms. Yvonne Ramon, Elections Administrator	Monthly Fees Report for September 2019
Mr. T.J. Arredondo, Director Planning Department	Monthly Fees Report for August 2019 and September 2019
The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	Fee Account Monthly Fees Report for July 2019
The Hon. Laura Hinojosa, Hidalgo County District Clerk	Monthly Fees Report for September 2019
The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	"B" Account Financial Statements for June 2019 through August 2019
The Hon. Ricardo Rodriguez, Criminal District Attorney	H.B. 65 Financial Statements for June 30, 2019 through August 31, 2019
The Hon. Ricardo Rodriguez, Criminal District Attorney	Hot Checks Financial Statements for June 2019 and July 2019
The Hon. Ricardo Rodriguez, Criminal District Attorney	HIDTA Financial Statements for June 30, 2019 through August 31, 2019
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	City of McAllen TIRZ No. 1 -- Report No. 2018-33, 2017-77 and 2016-34
Mr. Roy Rodriguez, City Manager City of McAllen	McAllen TIRZ No. 1 - (Tres Lagos) Report No. 2018-33, 2017-77 and 2016-34
Mr. Rolando Garza, Chief Appraiser Hidalgo County Appraisal District	City of McAllen TIRZ No. 1 -- Report No. 2018-33, 2017-77 and 2016-34
The Hon. Lita Leo, Hidalgo County Treasurer	Visiting Judge's Compensation Claims-Audit No. 2019-81
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	October 2019 DTA Payment Request Report No. 2019-96
Ms. Angie Chapa, Law Librarian	Cash Count Audit No. 2019-77
The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	Investigation Fund Account Cash Count Audit No. 2019-78
The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	Fee Account Cash Count Audit No. 2019-79
The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	Regular Trust Account Cash Count Audit No. 2019-80
The Hon. Lita Leo, Hidalgo County Treasurer	Cash Count Report No. 2019-83

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINDLETERRI JUDGE, 82ND D.C.
 FERNANDO MARRAS JUDGE, 84TH D.C.
 J. R. "BOBBY" FLORES JUDGE, 139TH D.C.
 ROSE GUERRA REYNA JUDGE, 200TH D.C.
 MARLA CUELLAR JUDGE, 275TH D.C.
 MARIO E. RAMIREZ, JR. JUDGE, 322ND D.C.
 NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER
 LETICIA LOPEZ JUDGE, 385TH D.C.
 L. KENO VASQUEZ JUDGE, 389TH D.C.
 ISRAEL RAMON, JR. JUDGE, 430TH D.C.
 RENE R. BETANCOURT JUDGE, 449TH D.C.
 YSMAEL D. FONSECA JUDGE, 465TH D.C.

The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	"B" Account Cash Count No. 2019-86 and 2019-87
The Hon. Eduardo Cantu, Commissioner Precinct No. 2	Alamo CRC Sanitation Program Cash Count Report No. 2019-89
The Hon. Celestino Avila Jr. Constable Precinct No. 1	Cash Count Report No. 2019-91
Mr. Homero Garza, Fire Marshal	Cash Count Audit No. 2019-93
Mr. Eduardo Olivarez, Chief Administrative Officer Hidalgo County Health and Human Services Department	Environmental Health Division-Restaurant Cash Count Audit No. 2019-94
Mr. Eduardo Olivarez, Chief Administrative Officer Hidalgo County Health and Human Services Department	Environmental Health Division On-Site Sewage Cash Count Audit No. 2019-95
Mr. Eduardo Olivarez, Chief Administrative Officer Hidalgo County Health and Human Services Department	Weslaco Health Clinic Cash Count Report No. 2019-556
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Weslaco Tax Office Cash Count Report No. 2019-563
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Elsa Tax Office Cash Count Report No. 2019-568
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	San Juan Motor Vehicle Substation Cash Count Report No. 2019-578
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Elsa Motor Vehicle Substation Cash Count Report No. 2019-580
The Hon. Jesus Morales, Justice of the Peace Pct. 1 Pl. 2	Cash Count Report No. 2019-587

Respectfully,

 Maria Arcilia Duran, CPA
 Hidalgo County Auditor

Attachments

HIDALGO COUNTY DISTRICT JUDGES

LUIS B. SINGLETON
 JUDGE, 92ND D.C.
 BENJAMIN MARGAS
 JUDGE, 97TH D.C.
 J. R. "BOBBY" FLORES
 JUDGE, 139TH D.C.
 ROSE GUERRA REYNA
 JUDGE, 209TH D.C.
 MARLA CUELLAR
 JUDGE, 275TH D.C.
 MARIO E. RAMIREZ, JR.
 JUDGE, 332ND D.C.
 NOE GONZALEZ
 JUDGE, 270TH D.C.
 OVERSEER
 LETICIA LOPEZ
 JUDGE, 389TH D.C.
 L. KENO VASQUEZ
 JUDGE, 399TH D.C.
 ISRAEL RAMON, JR.
 JUDGE, 450TH D.C.
 RENEE R. BETANCOURY
 JUDGE, 469TH D.C.
 YSMAEL D. FONSECA
 JUDGE, 484TH D.C.

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EDINBURG, TEXAS 78539

November 12, 2019

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

Re: Hidalgo County Tax Collected Reports for August 2019 and September 2019

Dear Mr. Villarreal:

We conducted a limited scope review of the *Hidalgo County Tax Collected Reports* and supporting documentation 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 for the month of August 2019 and September 2019 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. 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.

Scope:

The scope of the 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. The 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.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the *Hidalgo County Tax Collected Reports* and supporting documentation were submitted to the County Auditor's Office within fifteen or twenty-five days, as applicable, after the last day of the month pursuant to Tax Code §31.10 (a).
- Verified that the *Hidalgo County Tax Collected Reports* were signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *Hidalgo County Tax Collected Reports* by footing and cross-footing the reports.
- Verified that taxes collected per the *Hidalgo County Tax Collected Reports* 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.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. BINGLETERRY
JUDGE, 82ND D.C.

FERNANDO MARCHIAS
JUDGE, 83RD D.C.

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

ROSE GUERRA REYHA
JUDGE, 235TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 375TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 385TH D.C.

L. KENO YASQUEZ
JUDGE, 395TH D.C.

ISRAEL RAMON, JR.
JUDGE, 420TH D.C.

RENEE R. BETANCOURT
JUDGE, 445TH D.C.

YISMAEL D. FONSECA
JUDGE, 484TH D.C.

- Verified that modifications to the tax levy per the *Hidalgo County Tax Collected Reports* 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 determine if online credit card transactions were timely receipted.
- Compared the *Electronic Check BMI 147 Report* to the *Hidalgo County Deposit Status Report – All Locations* to determine if all online e-check transactions were timely receipted.
- Reviewed the *Hidalgo County Tax Collected Reports* and County Treasurer receipts to determine if 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:

Collections for the month of August 2019 and September 2019 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 totaled \$16,399,600.37 and \$1,407,604.01, respectively. Based on the review, we concluded that taxes, penalties, interest, and fees collected were not properly accounted and reported (see Observation No. 1). In addition, the system of internal controls for the accounting of collections requires improvement as noted in the following observation.

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.

Observation No. 1:

We noted that total deposits did not agree to the amount collected per the *Deposit Status Report - All Locations* report. Deposits for the month of August were short \$380.92 and over \$32.48. Deposits for the month of September were short \$1,523.28 and over \$123.54. Significant cashier shortages and overages are as follows:

August 2019

Shortage:

- One cashier was short \$380.92 at the Mission Substation on August 30, 2019 "B" batch.

Overages:

- One cashier was over \$10.00 in checks at the Edinburg Substation on August 30, 2019 "B" batch.

September 2019

Shortages:

- One cashier was short \$20.00 at the Mission Substation on September 4, 2019.
- One cashier was short \$1,000.00 at the Mission Substation on September 6, 2019.
- One cashier was short \$500.00 at the Edinburg Substation on September 6, 2019.

Overages:

- One cashier was over \$20.01 at the Edinburg Substation on September 26, 2019.
- One cashier was over \$100.00 at the Edinburg Substation on September 30, 2019.

According to staff, the August shortage was caused when a cashier issued a receipt for more than the amount received. The error was caught and corrected the following day. The September shortages of \$1,000.00 and \$500.00 were due to cashier input error. The error was caught and corrected the following month. The \$20.00 shortage was replenished with funds in the Cashier Over/Short balance sheet account.

All overages were not remitted to the County Treasurer's Office as miscellaneous revenue. Instead, the overage was recorded in the Cashier Over/Short balance sheet account. Overages are utilized to replenish collection shortages, if any.

HIDALGO COUNTY DISTRICT JUDGES

The County Auditor's Office requires that cash receipts be deposited intact daily. In addition, overages should be remitted to the County Treasurer's Office as miscellaneous revenue. If a shortage occurs of \$100.00 or more, or 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 should 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, retraining of personnel, or disciplinary action.

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

Recommendation:

Management should retrain employees to ensure that cashiers verify that the receipt agrees to the amount collected, prior to issuing a receipt. In addition, 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.

Please provide a written management response for the observation noted above by November 22, 2019.

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. 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
Ms. Eva Mireles, Tax Office Chief of Operations
Mr. Julio Espinosa, Property Tax Manager
Ms. Crystal Puente, Chief Accountant

HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO



EDINBURG, TEXAS 78539

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October 29, 2019

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

Re: *Monthly Fees Report* for August 2019

Dear Ms. Ramon:

We conducted a limited scope review of the *Monthly Fees Report (Monthly Report)* and supporting documentation for the month of August 2019 pursuant to Local Government Code §115.002 (a) and (b). The objective of the review was to determine if fees collected were properly accounted and reported. 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.

Scope:

The scope of the review was limited to collections reported by your office on the *Monthly Report* for the month of August 2019. The 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.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the *Monthly Report* and supporting documentation were submitted to the County Auditor's Office within 5 days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the *Monthly Report* was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *Monthly Report* by footing and cross-footing the report.
- Reviewed receipts issued to determine if fees were allocated and reported in the proper amounts.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the *Monthly Report* agreed to: 1.) total receipts issued; and 2.) total deposits made with the County Treasurer.
- Reviewed *Cashier's Daily Close-out Reports/Daily Remittance Reports (Close-out Reports)* and County Treasurer receipts to determine if collections were properly accounted and deposited with the County Treasurer on a timely basis.
- Verified that receipts were properly completed and issued in sequential order.
- Verified that *Close-out Reports* were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

LUIS R. SINGLETERRY
JUDGE, 81st D.C.

FERNANDO MANGIAS
JUDGE, 82nd D.C.

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

ROSE GUERRA REYNA
JUDGE, 209th D.C.

MARLA CUELLAR
JUDGE, 276th D.C.

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

NOE GONZALEZ
JUDGE, 374th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389th D.C.

L. KENO VASQUEZ
JUDGE, 395th D.C.

ISRAEL RAMON, JR.
JUDGE, 439th D.C.

RENEE R. BETANCOURT
JUDGE, 440th D.C.

YSMAEL D. FONSECA
JUDGE, 484th D.C.

Ms. Yvonne Ramon
October 29, 2019
Page 2 of 2

Conclusion:

Collections for the month of August 2019 totaled \$185,122.06. Based on the review, we concluded that fees were properly accounted and reported.

If you have any questions, please contact Araceli A. Guillen, Internal Auditor I, at (956) 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, 12 th D.C.	FERNANDO HANCIAS JUDGE, 13 th D.C.	J. R. "BOBBY" FLORES JUDGE, 19 th D.C.	ROSE GUERRA REYNA JUDGE, 20 th D.C.	MARLA CUELLAR JUDGE, 22 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 32 th D.C.	NOE GONZALEZ JUDGE, 37 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 38 th D.C.	L. KENO VASQUEZ JUDGE, 31 st D.C.	ISRAEL RAMON, JR. JUDGE, 43 rd D.C.	RENEE R. BETAHCOURT JUDGE, 44 th D.C.	YSMAEL D. FONSECA JUDGE, 45 th D.C.
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COUNTY of HIDALGO



EDINBURG, TEXAS 78539

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November 15, 2019

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

Re: *Monthly Fees Report* for September 2019

Dear Ms. Ramon:

We conducted a limited scope review of the *Monthly Fees Report (Monthly Report)* and supporting documentation for the month of September 2019 pursuant to Local Government Code §115.002 (a) and (b). The objective of the review was to determine if fees collected were properly accounted and reported. 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.

Scope:

The scope of the review was limited to collections reported by your office on the *Monthly Report* for the month of September 2019. The 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.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the *Monthly Report* and supporting documentation were submitted to the County Auditor's Office within 5 days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the *Monthly Report* was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *Monthly Report* by footing and cross-footing the report.
- Reviewed receipts issued to determine if fees were allocated and reported in the proper amounts.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the *Monthly Report* agreed to: 1.) total receipts issued; and 2.) total deposits made with the County Treasurer.
- Reviewed *Cashier's Daily Close-out Reports/Daily Remittance Reports (Close-out Reports)* and County Treasurer receipts to determine if collections were properly accounted and deposited with the County Treasurer on a timely basis.
- Verified that receipts were properly completed and issued in sequential order.
- Verified that *Close-out Reports* were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 83rd D.C.

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

ROSE GUERRA REYNA
JUDGE, 206th D.C.

MARLA CUELLAR
JUDGE, 276th D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 352nd D.C.

NOE GONZALEZ
JUDGE, 376th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389th D.C.

L. KENO YASQUEZ
JUDGE, 398th D.C.

ISRAEL RAMON, JR.
JUDGE, 416th D.C.

RENEE R. BETANCOURT
JUDGE, 446th D.C.

YISMEL D. FONSECA
JUDGE, 464th D.C.

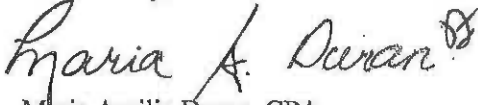
Ms. Yvonne Ramon
November 15, 2019
Page 2 of 2

Conclusion:

Collections for the month of September 2019 totaled \$44,009.37. Based on the review, we concluded that fees were properly accounted and reported.

If you have any questions, please contact Araceli A. Guillen, Internal Auditor I, at (956) 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, 22ND D.C.

FERNANDO HANCIAS
JUDGE, 23RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 15TH D.C.

ROSE GUERRA REYNA
JUDGE, 20TH D.C.

MARLA CUELLAR
JUDGE, 27TH D.C.

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

NOE GONZALEZ
JUDGE, 31ST D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 31ST D.C.

L. KENO VASQUEZ
JUDGE, 38TH D.C.

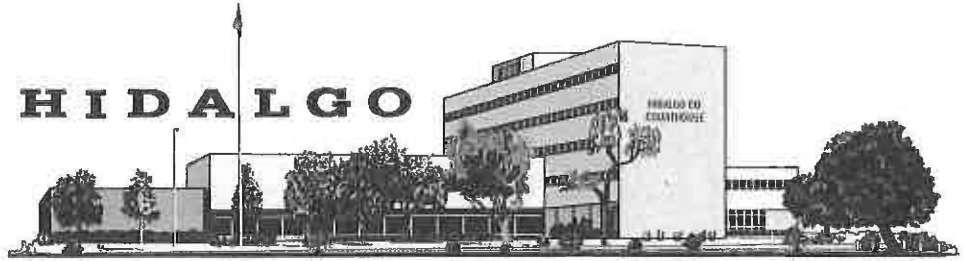
ISRAEL RAMON, JR.
JUDGE, 43RD D.C.

RENEE R. BETANCOURT
JUDGE, 44TH D.C.

YSMAEL D. FORSECA
JUDGE, 48TH D.C.

COUNTY of HIDALGO

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EDINBURG, TEXAS 78539

October 28, 2019

Mr. T.J. Arredondo, Director
Hidalgo County Planning Department
1304 S. 25th St.
Edinburg, Texas 78539

Re: *Monthly Fees Report* for August 2019 and September 2019

Dear Mr. Arredondo:

We conducted a limited scope review of the *Monthly Fees Report* and supporting documentation for the month of August 2019 and September 2019 pursuant to Local Government Code §115.002 (a) and (b). The objective of the review was to determine if collections were properly accounted and reported. 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.

Scope:

The scope of the review was limited to collections reported by your office on the *Monthly Fees Report* for the month of August 2019 and September 2019. The 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.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the *Monthly Fees Report* and supporting documentation was submitted to the County Auditor's Office within five days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the *Monthly Fees Report* was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *Monthly Fees Report* by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts were issued in sequential order.
- Verified that procedures for voiding receipts were properly followed.
- Reviewed the *Revenue Detail Report by Account* generated from *Alio* to determine if fees collected were properly accounted and deposited with the financial institution on or before the fifth business day after the day on which the funds were received.
- Verified that the collections per the *Monthly Fees Report* agreed to: 1.) total receipts issued by the department; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts and the *Monthly Fees Report* were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 12th D.C. FERNANDO MARIAS JUDGE, 6th D.C. J. R. "BOBBY" FLORES JUDGE, 13th D.C. ROSE GUERRA REYNA JUDGE, 28th D.C. NARLA CUELLAR JUDGE, 27th D.C. MARIO E. RAMIREZ, JR. JUDGE, 32nd D.C. NOR GONZALEZ JUDGE, 37th D.C. OVERSEER LETICIA LOPEZ JUDGE, 38th D.C. L. KENO VASQUEZ JUDGE, 38th D.C. ISRAEL RANDON, JR. JUDGE, 40th D.C. RENEE R. BETANCOURT JUDGE, 44th D.C. YSMAEL D. FONSECA JUDGE, 45th D.C.

Conclusion:

Collections for the month of August 2019 and September 2019 were \$87,340.40 and \$67,739.89, respectively. Based on the review, we concluded that fees collected were properly accounted and reported.

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

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MARIAS JUDGE, 92 ND D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 205 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 373 RD D.C. OVERSEER	LETICIA LOPEZ JUDGE, 385 TH D.C.	L. KEND VASQUEZ JUDGE, 388 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 448 TH D.C.	YSMAEL O. FONSECA JUDGE, 447 TH D.C.
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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

November 1, 2019

The Honorable J.E. "Eddie" Guerra, Sheriff
Hidalgo County Sheriff's Office
711 El Cibolo Rd.
Edinburg, Texas 78540

Re: Fee Account *Monthly Fees Report* for July 2019

Dear Sheriff Guerra:

We conducted a limited scope review of the Fee Account *Monthly Fees Report* for July 2019 pursuant to Local Government Code §115.002 (a) and (b). The objective of the review was to determine if fees collected were properly accounted and reported. 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.

Scope:

The scope of the review was limited to collections reported by your office on the *Monthly Fees Report* for July 2019. The 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.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the *Monthly Fees Report* and supporting documentation were submitted to the County Auditor's Office within five days after the last day of the month pursuant to Local Government Code §114.001(b).
- Verified that the *Monthly Fees Report* was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *Monthly Fees Report* by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that the collections per the *Monthly Fees Report* agreed to: 1.) total receipts issued per the Receipt Journal Report generated from *Odyssey*; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts were issued in sequential order.
- Verified that receipts and the *Monthly Fees Report* were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 82ND D.C.

FERNANDO MANCIA
JUDGE, 83RD D.C.

J. H. "BOBBY" FLORES
JUDGE, 128TH D.C.

ROSE GUERRA REYNA
JUDGE, 201ST D.C.

MARLA GUELLAR
JUDGE, 276TH D.C.

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

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 388TH D.C.

L. HENR VASQUEZ
JUDGE, 388TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 448TH D.C.

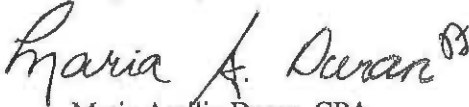
YSMAEL D. FONSECA
JUDGE, 484TH D.C.

Conclusion:

Collections for the month of July 2019 totaled \$38,396.00. Based on the review, we concluded that fees were generally properly accounted and reported.

If you have any questions, please contact Rocio Quiroga, Internal Auditor I, at 318-2511 ext. 4604, Reynaldo Cantu III, 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
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 82 ND D.C.	FERNANDO MANCIAS JUDGE, 85 TH D.C.	J. R. "BOBBY" FLORES JUDGE, 128 TH D.C.	ROSE GUERRA REYNA JUDGE, 208 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 322 ND D.C.	NOE GONZALEZ JUDGE, 376 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 388 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 448 TH D.C.	YSMAEL D. FONSECA JUDGE, 464 TH D.C.
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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

October 28, 2019

The Honorable Laura Hinojosa
Hidalgo County District Clerk
100 N. Closner, 1st Floor
Edinburg, Texas 78540

Re: *Monthly Fees Report* for September 2019

Dear Ms. Hinojosa:

We conducted a limited scope review of the *Monthly Fees Report* and supporting documentation for the month of September 2019 pursuant to Local Government Code §115.002 (a) and (b), and Code of Criminal Procedure Article 103.011. The objective of the review was to determine if fines, fees, and court costs collected were properly accounted and reported. 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.

Scope:

The scope of the review was limited to collections reported by your office on the *Monthly Fees Report* for the month of September 2019. The review was not 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.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the *Monthly Fees Report* and supporting documentation were submitted to the County Auditor's Office within five days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the *Monthly Fees Report* was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *Monthly Fees Report* by footing and cross-footing the report.
- Verified that collections per the *Monthly Fees Report* agreed to: 1.) total receipts issued per *Odyssey's* Receipt Journal Report, 2.) total collections per *Odyssey's* Fee Distribution Reports, 3.) total deposits made with the County Treasurer, and 4.) total deposits posted to *Alio's* Undistributed Receipts general ledger account.
- Verified that the jail time ordered to be served by the defendant as stated on the Judgment Order agreed to the jail time reported on the Sheriff's "D" Monthly Report.
- Verified the sequence of receipts per the *Monthly Fees Report* agreed to *Odyssey's* Receipt Journal Report for civil and criminal collections. In addition, verified that receipts were issued in sequential order.
- Reviewed randomly selected receipts to determine if fines, fees, and court costs were allocated and reported in the proper amounts.
- Verified that the *Cashier's Daily Fund Report* and bank deposit slips were properly completed and accurate.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 82ND D.C.

FERNANDO MANCIAS
JUDGE, 83RD D.C.

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

ROSE GUERRA REYNA
JUDGE, 208TH D.C.

MARLA CUELLAR
JUDGE, 278TH D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 352ND D.C.

ROE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 388TH D.C.

L. KENO VASQUEZ
JUDGE, 388TH D.C.

ISRAEL RAMON, JR.
JUDGE, 420TH D.C.

RENEE R. BETANCOURT
JUDGE, 448TH D.C.

YSMAEL D. FONSECA
JUDGE, 468TH D.C.


- Reviewed *Revenue Remittance Reports* and County Treasurer receipts to determine if fees collected were deposited with the County Treasurer in a timely manner.
- Verified that receipts, *Revenue Remittance Reports*, *Monthly Fees Report*, and mail logs were properly completed.
- Reviewed randomly selected receipts per method of payment for 5 days to determine if money orders, checks, credit cards, E-files, and cash were properly receipted and deposited.
- Verified that the number of cases and motions for civil filing fees were correctly reported on the *Monthly Fees Report*.

Conclusion:

Collections for the month of September 2019 totaled \$432,791.70. Based on the review, we concluded that fines, fees, and court costs collected were generally properly accounted and reported.

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, 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, 82ND D.C.

BERNARDO MANGIAS
JUDGE, 81ST D.C.

J. R. "BOBBY" FLORES
JUDGE, 31ST D.C.

ROSE GUERRA REYNA
JUDGE, 26TH D.C.

MARLA CUELLAR
JUDGE, 27TH D.C.

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

NOE GONZALEZ
JUDGE, 37TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 38TH D.C.

L. KEND VASQUEZ
JUDGE, 39TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 44TH D.C.

YSMAEL D. FONSECA
JUDGE, 44TH 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

November 12, 2019

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

Re: "B" Account Financial Statements for June 2019 through August 2019

Dear Sheriff Guerra:

We conducted a limited scope review of the "B" Account financial statements for the months ended June 30, 2019 through August 31, 2019 pursuant to Local Government Code §112.006 (a), §115.001, §115.002 (b), and §115.901. The objective of the review was to obtain limited assurance that the financial statements are free from material misstatement.

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

Based on our review, nothing came to our attention that caused us to believe that the financial statements contained any material misstatement.

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

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCASA JUDGE, 91ST D.C. J. R. "BOBBIY" FLORES JUDGE, 199TH D.C. ROSE GUERRA REYNA JUDGE, 208TH D.C. MARLA CUELLAR JUDGE, 229TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 312TH D.C. NOE GONZALEZ JUDGE, 376TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 388TH D.C. L. KENO VASQUEZ JUDGE, 393RD D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 446TH D.C. YSWAEL D. FONSECA JUDGE, 484TH 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

November 12, 2019

The Honorable Ricardo Rodriguez, Jr., Criminal District Attorney
Hidalgo County Office of Criminal District Attorney
100 E. Cano, 2nd Floor
Edinburg, Texas 78539

Re: H.B. 65 Financial Statements for June 30, 2019 through August 31, 2019

Dear Mr. Rodriguez:


We conducted a limited scope review of the H.B. 65 financial statements for the months ended June 30, 2019 through August 31, 2019 pursuant to Local Government Code §112.006 (b), §115.001, §115.002 (b) and §115.901. The objective of the review was to obtain limited assurance that the financial statements are free from material misstatements.

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

Based on the review, nothing came to our attention that caused us to believe that the financial statements contained any material misstatements.

If you have any questions, please contact Aaron Robledo, Internal Auditor I, at 318-2511 ext. 4694, Reynaldo Cantu III, 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
Hidalgo County Auditor

cc: Ms. Rosalinda Cantu, Human Resources Coordinator, District Attorney's Office
Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 83rd D.C.

J. R. "BOBBY" FLORES
JUDGE, 153rd D.C.

ROSE GUERRA REYNA
JUDGE, 208th D.C.

MARLA CUELLAR
JUDGE, 216th D.C.

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

NOE GONZALEZ
JUDGE, 375th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389th D.C.

L. YENO VASQUEZ
JUDGE, 398th D.C.

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

RENEE R. BETANCOURT
JUDGE, 446th D.C.

YSMAEL D. FONSECA
JUDGE, 484th 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

November 12, 2019

The Honorable Ricardo Rodriguez, Jr., Criminal District Attorney
Hidalgo County Office of Criminal District Attorney
100 E. Cano, 2nd Floor
Edinburg, Texas 78539

Re: Hot Checks Financial Statements for June 2019 and July 2019

Dear Mr. Rodriguez:

We conducted a limited scope review of the Hot Checks financial statements for the months ended June 30, 2019 and July 31, 2019 pursuant to Local Government Code §112.006 (b), §115.001, §115.002 (b), and §115.901. The objective of the review was to obtain limited assurance that the financial statements are free from material misstatements.

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

Based on the review, nothing came to our attention that caused us to believe that the financial statements contained any material misstatements.

If you have any questions, please contact Aaron Robledo, Internal Auditor I, at 318-2511 ext. 4694, Reynaldo Cantu III, 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 4645.

Respectfully,

Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Ms. Rosalinda Cantu, Human Resources Coordinator, District Attorney's Office
Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 52 nd D.C.	FERNANDO BANDIAS JUDGE, 51 st D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 205 th D.C.	MARLA CUELLAR JUDGE, 375 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 512 th D.C.	HOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 385 th D.C.	L. KENO NASCUEZ JUDGE, 388 th D.C.	ISRAEL RAMON, JR. JUDGE, 450 th D.C.	RENEE R. BETANCOURT JUDGE, 448 th D.C.	YSMAEL D. FONSECA JUDGE, 484 th D.C.
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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

November 12, 2019

The Honorable Ricardo Rodriguez, Jr., Criminal District Attorney
Hidalgo County Office of Criminal District Attorney
100 E. Cano, 2nd Floor
Edinburg, Texas 78539

Re: HIDTA Financial Statements for June 30, 2019 through August 31, 2019

Dear Mr. Rodriguez:

We conducted a limited scope review of the HIDTA financial statements for the months ended June 30, 2019 through August 31, 2019 pursuant to Local Government Code §112.006 (b), §115.001, §115.002 (b), and §115.901. The objective of the review was to obtain limited assurance that the financial statements are free from material misstatements.

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

Based on the review, nothing came to our attention that caused us to believe that the financial statements contained any material misstatement.

If you have any questions, please contact Aaron Robledo, Internal Auditor I, at (956) 318-2511, ext. 4694, Reynaldo Cantu III, 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
Hidalgo County Auditor

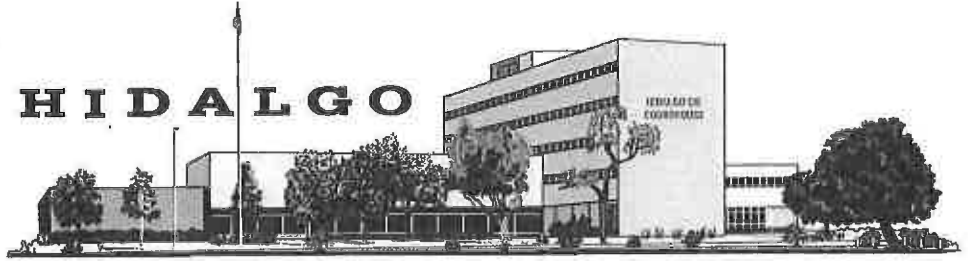
cc: Ms. Rosalinda Cantu, Human Resources Coordinator, District Attorney's Office
Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SMOLETERRY JUDGE, 82 ND D.C.	BERNARDO MANCINAS JUDGE, 89 TH D.C.	J. R. "BOBBY" FLORES JUDGE, 138 TH D.C.	ROSE GUERRA REYNA JUDGE, 209 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 322 ND D.C.	NOE GONZALEZ JUDGE, 376 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 388 TH D.C.	L. KENO VASQUEZ JUDGE, 388 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETAN/COURT JUDGE, 448 TH D.C.	YSMAEL D. FONSECA JUDGE, 464 TH D.C.
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COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
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FAX: (956) 318-2577
WEBSITE: www.co.hidalgo.tx.us/auditor



EDINBURG, TEXAS 78539

November 12, 2019

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

Re: City of McAllen TIRZ No. 1 - Report No. 2018-33, 2017-77, and 2016-34

Dear Mr. Villarreal:

We conducted a limited scope review of collections for the City of McAllen Tax Increment Reinvestment Zone No. 1 (TIRZ). The objective of the review was to determine if TIRZ collection reports prepared by the Tax Office included collections received for all tax accounts located within the TIRZ.

The scope of the review was limited to tax accounts located within the TIRZ for tax rolls 2015, 2016, and 2017. The 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 sound internal controls rests with management.

In conducting the review, we reviewed TIRZ collection reports provided by the Tax Office, City of McAllen TIRZ No. 1 list of accounts provided by the Tax Office, list of tax accounts coded TML1 by the Hidalgo County Appraisal District, and the TIRZ map provided by the HCAD.

The results of the review revealed that the 12 tax account numbers listed below are located within the TIRZ boundaries; however, the tax account numbers were not included in the City of McAllen TIRZ No. 1 list of accounts. In addition, collections were received for 3 of the tax accounts; however, the 3 tax accounts were not included in the TIRZ collections reports. The collection reports were manually adjusted to reflect the proper collections.

1	T2100-00-227-0000-05
2	T2100-00-232-0000-04
3	T2100-00-227-0001-08
4	T2100-00-232-0000-05
5	T2100-00-232-0000-03
6	T2100-00-227-0000-02
7	T2100-00-232-0000-02
8	T2100-00-232-0000-06
9	T2100-00-232-0000-08
10	T2100-00-232-0000-09
11	T2100-00-227-0000-06
12	T2100-00-227-0000-09

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 82ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 138TH D.C. ROSE GUERRA REYNA JUDGE, 238TH D.C. MARLA CUELLAR JUDGE, 278TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 337TH D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 388TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 450TH D.C. RENEE R. BETANCOURT JUDGE, 488TH D.C. YSMAEL B. FORSECA JUDGE, 484TH D.C.

The Honorable Pablo "Paul" Villarreal, Jr.
November 12, 2019
Page 2 of 2

Please make the necessary corrections and submit a copy of the revised City of McAllen TIRZ No. 1 list of accounts and collection reports to the County Auditor's Office by November 22, 2019.

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

Respectfully,



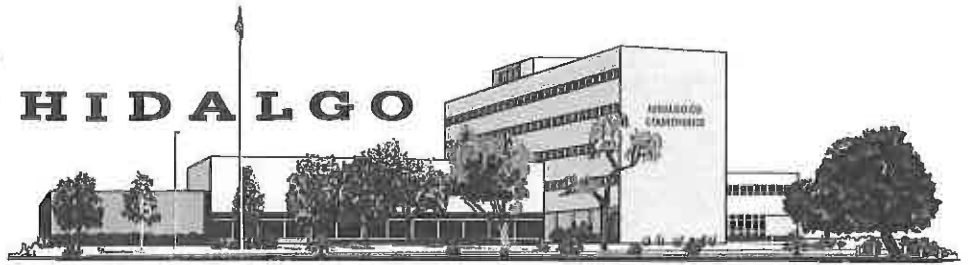
Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 133 RD D.C.	ROSE GUERRA REYNA JUDGE, 205 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 322 ND D.C.	NOE GONZALEZ JUDGE, 376 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. XENYO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 439 TH D.C.	RENEE R. BETANCOURT JUDGE, 446 TH D.C.	YSMAEL D. FONSECA JUDGE, 464 TH D.C.
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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

November 13, 2019

Roy Rodriguez, City Manager
City of McAllen
1300 Houston Avenue
McAllen, TX 78501

Re: McAllen TIRZ No. 1 (Tres Lagos) Report No. 2018-33, 2017-77, and 2016-34

Dear Mr. Rodriguez:

We conducted a limited scope review of the interlocal agreement between the City of McAllen, Hidalgo County, and the City of McAllen TIRZ No. 1. The objectives of the review were to determine the accuracy of the McAllen TIRZ No. 1 2015, 2016, and 2017 payment requests, compliance with Section IV (B)(2) and VIII (J) of the interlocal agreement, and Tax Code § 311.016.

The scope of the review was limited to the property tax accounts within McAllen TIRZ No. 1 for 2015, 2016, and 2017. The 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 results of the review revealed the following:

1. A payment request was submitted in the amount of \$1,154.71; however, we determined that the payment amount should be \$1,097.47 (a difference of \$57.24) (see Exhibit A, B, and C); and
2. The annual report and annual financial review were submitted in compliance with Tax Code § 311.016 and section IV (B)(2) and VIII (J) of the interlocal agreement.

We will proceed to process the 2015, 2016, and 2017 McAllen TIRZ No. 1 payment in the amount of \$1,154.71.

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: The Honorable Richard Cortez, Hidalgo County Judge

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERY JUDGE, 32ND D.C. FERNANDO HANCIAS JUDGE, 33RD D.C. J. R. "BOBBY" FLORES JUDGE, 189TH D.C. ROSE GUERRA REYNA JUDGE, 204TH D.C. MARLA CUELLAR JUDGE, 278TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 376TH D.C. LETICIA LOPEZ JUDGE, 389TH D.C. L. HENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENE R. BETANCOURT JUDGE, 448TH D.C. YSMAEL D. FONSECA JUDGE, 464TH D.C.

2015-2016 McAllen TIRZ Payment

	McAllen TIRZ Calculation for Tax Year 2015	Total
Tax Increment Reinvestment Zone (TIRZ) Payment Calculation		
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 1,232,979	
(Multiplied by) Hidalgo County Current (GHD) Tax Rate (.59/100)	0.0059	
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 7,274.56	
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 1,232,979	
(Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD)	\$ 1,053,713	
Captured Appraised Value	\$ 159,266	
Captured Appraised Value (Multiplied by) Contribution Rate (Per agreement s/b the lesser of 67% of .5308 or actual (M&O))	\$ 169,266	
Tax Levy Due to TIRZ	\$ 0.0059225	
TIRZ Collections (for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$ 26,632.44	
Percent Collected of Actual Levy	100.00%	
Tax Levy Due to TIRZ (Multiplied by) Percent Collected of Actual Levy (Less) Administrative Cost (Less) Adjustments **	\$ 592.56	
2015-2016 TIRZ PAYMENT AMOUNT	\$ (2,740.77)	\$ (2,740.77)

** Adjustments are made in order to prevent an overpayment, the adjustment limits payments to 100% allowable TIRZ levy

Total Amount Due
Year 2015-2017 City's Net Amount Due \$ 1,154.71
Year 2015-2017 County's Net Amount Due \$ 1,037.47
Variance \$ (57.24)

Year 2015 Payment Calculation
City's Net Amount Due \$ (2,740.77)
County's Net Amount Due \$ (2,568.65)
Variance \$ (172.12)

	County Auditor's Calculation for Tax Year 2015	Total
Tax Increment Reinvestment Zone (TIRZ) Payment Calculation		
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 1,426,102.00	
(Multiplied by) Hidalgo County Current (GHD) Tax Rate (.59/100)	0.0059	
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 8,414.00	
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 1,426,102.00	
(Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD)	\$ 1,173,455.00	
Captured Appraised Value	\$ 252,647.00	
Captured Appraised Value (Multiplied by) Contribution Rate (Per agreement s/b the lesser of 67% of .5308 or actual (M&O))	\$ 252,647.00	
Tax Levy Due to TIRZ	\$ 0.0059910	
TIRZ Collections (for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$ 7,274.57	
Percent Collected of Actual Levy	86.4579%	
Tax Levy Due to TIRZ (Multiplied by) Percent Collected of Actual Levy (Less) Administrative Cost (Less) Adjustments **	\$ 864.45	
2015-2016 TIRZ PAYMENT AMOUNT	\$ (2,568.65)	\$ (2,568.65)

** Adjustments are made in order to prevent an overpayment, the adjustment limits payments to 100% allowable TIRZ levy

	County Auditor's Calculation for Tax Year 2015	Total
Tax Increment Reinvestment Zone (TIRZ) Payment Calculation		
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 1,426,102.00	
(Multiplied by) Hidalgo County Current (GHD) Tax Rate (.59/100)	0.0059	
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 8,414.00	
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 1,426,102.00	
(Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD)	\$ 1,173,455.00	
Captured Appraised Value	\$ 252,647.00	
Captured Appraised Value (Multiplied by) Contribution Rate (Per agreement s/b the lesser of 67% of .5308 or actual (M&O))	\$ 252,647.00	
Tax Levy Due to TIRZ	\$ 0.0017240	
TIRZ Collections (for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$ 7,274.57	
Percent Collected of Actual Levy	86.4579%	
Tax Levy Due to TIRZ (Multiplied by) Percent Collected of Actual Levy (Less) Administrative Cost (Less) Adjustments **	\$ 435.53	
2015-2016 TIRZ PAYMENT AMOUNT	\$ (376.54)	\$ (376.54)

** Adjustments are made in order to prevent an overpayment, the adjustment limits payments to 100% allowable TIRZ levy

2016-2017 McAllen TIRZ Payment

	McAllen TIRZ Calculation for Tax Year 2016	Total
Tax Increment Reinvestment Zone (TIRZ) Payment Calculation TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Multiplied by) Hidalgo County Current (GHD) Tax Rate (.59/100)	\$ 1,232,579 0.0059	\$ 7,274.58
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 136,978	\$ 136,978
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD) Captured Appraised Value	\$ 1,200,691 1,063,713 136,978	\$ 1,200,691 1,063,713 136,978
Captured Appraised Value (Multiplied by) Contribution Rate (Per agreement s/b the lesser of 67% or actual M&O)	\$ 0.005186 710.37	\$ 0.005186 710.37
Tax Levy Due to TIRZ	\$ 7,031.32	\$ 7,031.32
TIRZ Collections (for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$ 7,031.32 100.00%	\$ 7,031.32 100.00%
Tax Levy Due to TIRZ (Multiplied by) Percent Collected of Actual Levy	\$ 710.37 100.00%	\$ 710.37 100.00%
(Less) Administrative Cost (Less) Adjustments **	\$ (3,333.33)	\$ (3,333.33)
2016-2017 TIRZ PAYMENT AMOUNT	\$ (2,622.96)	\$ (2,622.96)

** Adjustments are made in order to prevent an overpayment, the adjustment limits payments to 100% allowable TIRZ levy

Year 2016 Payment Calculation
City's Net Amount Due \$ (2,622.96)
County's Net Amount Due \$ (2,378.43)
Variance \$ (243.53)

	County Auditor's Calculation for Tax Year 2016	Total
Tax Increment Reinvestment Zone (TIRZ) Payment Calculation TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Multiplied by) Hidalgo County Current (GHD) Tax Rate (.59/100)	\$ 1,387,624.00 0.0059	\$ 8,186.98
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 8,186.98	\$ 8,186.98
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD) Captured Appraised Value	\$ 1,387,624.00 1,173,455.00 214,169.00	\$ 1,387,624.00 1,173,455.00 214,169.00
Captured Appraised Value (Multiplied by) Contribution Rate (Per agreement s/b the lesser of 67% or actual M&O)	\$ 214,169.00 0.0094750 744.16	\$ 214,169.00 0.0094750 744.16
Tax Levy Due to TIRZ	\$ 7,031.32	\$ 7,031.32
TIRZ Collections (for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$ 8,186.98 85.8842%	\$ 8,186.98 85.8842%
Tax Levy Due to TIRZ (Multiplied by) Percent Collected of Actual Levy	\$ 744.16 85.88%	\$ 744.16 85.88%
(Less) Administrative Cost (Less) Adjustments **	\$ 539.12 (3,333.33)	\$ 539.12 (3,333.33)
2016-2017 TIRZ PAYMENT AMOUNT	\$ (2,694.21)	\$ (2,694.21)

** Adjustments are made in order to prevent an overpayment, the adjustment limits payments to 100% allowable TIRZ levy

	County Auditor's Calculation for Tax Year 2016	Total
Tax Increment Reinvestment Zone (TIRZ) Payment Calculation TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Multiplied by) Hidalgo County Current (GHD) Tax Rate (.69/100)	\$ 1,387,624.00 0.0059	\$ 8,186.98
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 8,186.98	\$ 8,186.98
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD) Captured Appraised Value	\$ 1,387,624.00 1,173,455.00 214,169.00	\$ 1,387,624.00 1,173,455.00 214,169.00
Captured Appraised Value (Multiplied by) Contribution Rate (Per agreement s/b the lesser of 33% of .5308 or actual M&O)	\$ 214,169.00 0.0017110 366.52	\$ 214,169.00 0.0017110 366.52
Tax Levy Due to TIRZ	\$ 7,031.32	\$ 7,031.32
TIRZ Collections (for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$ 8,186.98 85.8842%	\$ 8,186.98 85.8842%
Tax Levy Due to TIRZ (Multiplied by) Percent Collected of Actual Levy	\$ 366.52 85.88%	\$ 366.52 85.88%
(Less) Administrative Cost (Less) Adjustments **	\$ 314.78	\$ 314.78
2016-2017 TIRZ PAYMENT AMOUNT	\$ 314.78	\$ 314.78

** Adjustments are made in order to prevent an overpayment, the adjustment limits payments to 100% allowable TIRZ levy

2017-2018 McAllen TIRZ Payment

	McAllen TIRZ Calculation for Tax Year 2018	McAllen TIRZ Calculation for Tax Year 2017	Total
Tax Increment Reinvestment Zone (TIRZ) Payment Calculation TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Multiplied by) Hidalgo County Current (GHD) Tax Rate (.587100)	\$ 3,011,232	\$ 3,011,232	\$ 6,022,464
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 17,465.15	\$ 17,465.15	\$ 34,930.30
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD) Captured Appraised Value	\$ 17,282.78	\$ 17,282.78	\$ 34,565.56
Captured Appraised Value (multiplied by) Contribution Rate (Per agreement s/b the lessor of 67% of .5308 or actual M&O)	\$ 9,955.72	\$ 9,955.72	\$ 19,911.44
Tax Levy Due to TIRZ	\$ 17,282.78	\$ 17,282.78	\$ 34,565.56
TIRZ Collections for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$ 17,465.15	\$ 17,465.15	\$ 34,930.30
Percent Collected of Actual Levy	\$ 98.95%	\$ 98.95%	\$ 98.95%
Tax Levy Due to TIRZ (multiplied by) Percent Collected of Actual Levy	\$ 9,851.77	\$ 9,851.77	\$ 19,703.54
(Less) Administrative Cost (Less) Adjustments **	\$ -	\$ -	\$ -
2017-2018 TIRZ PAYMENT AMOUNT	\$ 6,518.44	\$ 6,518.44	\$ 13,036.88

** Adjustments are made in order to prevent an overpayment, the adjustment limits payments to 100% allowable TIRZ levy

Year 2017 Payment Calculation
City's Net Amount Due \$ 6,518.44
County's Net Amount Due \$ 6,045.55
Variance \$ 472.88

	County Auditor's Calculation for Tax Year 2016	County Auditor's Calculation for Tax Year 2017	Total
Tax Increment Reinvestment Zone (TIRZ) Payment Calculation TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Multiplied by) Hidalgo County Current (GHD) Tax Rate (.587100)	\$ 1,387,624.00	\$ 3,082,722.00	\$ 4,470,346.00
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 8,186.98	\$ 17,705.79	\$ 25,892.77
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD) Captured Appraised Value	\$ 1,373,455.00	\$ 1,173,455.00	\$ 2,546,910.00
Captured Appraised Value (multiplied by) Contribution Rate (Per agreement s/b the lessor of 67% of .5308 or actual M&O)	\$ 744.16	\$ 6,436.56	\$ 7,180.72
Tax Levy Due to TIRZ	\$ 744.16	\$ 6,436.56	\$ 7,180.72
TIRZ Collections for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$ 8,186.98	\$ 17,705.79	\$ 25,892.77
Percent Collected of Actual Levy	\$ 0.1430%	\$ 97.6110%	\$ 97.6110%
Tax Levy Due to TIRZ (multiplied by) Percent Collected of Actual Levy	\$ 1.05	\$ 6,282.78	\$ 6,283.83
(Less) Administrative Cost (Less) Adjustments **	\$ -	\$ -	\$ -
2017-2018 TIRZ PAYMENT AMOUNT	\$ 1.05	\$ 2,949.46	\$ 2,950.52

** Adjustments are made in order to prevent an overpayment, the adjustment limits payments to 100% allowable TIRZ levy

	County Auditor's Calculation for Tax Year 2016	County Auditor's Calculation for Tax Year 2017	Total
Tax Increment Reinvestment Zone (TIRZ) Payment Calculation TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Multiplied by) Hidalgo County Current (GHD) Tax Rate (.587100)	\$ 1,387,624.00	\$ 3,082,722.00	\$ 4,470,346.00
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 8,186.98	\$ 17,705.79	\$ 25,892.77
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD) Captured Appraised Value	\$ 1,373,455.00	\$ 1,173,455.00	\$ 2,546,910.00
Captured Appraised Value (multiplied by) Contribution Rate (Per agreement s/b the lessor of 33% of .5308 or actual M&O)	\$ 214,169.00	\$ 1,879,267.00	\$ 2,093,436.00
Tax Levy Due to TIRZ	\$ 214,169.00	\$ 1,879,267.00	\$ 2,093,436.00
TIRZ Collections for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$ 8,186.98	\$ 17,705.79	\$ 25,892.77
Percent Collected of Actual Levy	\$ 0.1430%	\$ 97.6110%	\$ 97.6110%
Tax Levy Due to TIRZ (multiplied by) Percent Collected of Actual Levy	\$ 0.52	\$ 3,170.25	\$ 3,170.77
(Less) Administrative Cost (Less) Adjustments **	\$ -	\$ -	\$ -
2017-2018 TIRZ PAYMENT AMOUNT	\$ 0.52	\$ 3,094.51	\$ 3,095.03

** Adjustments are made in order to prevent an overpayment, the adjustment limits payments to 100% allowable TIRZ levy

COUNTY of HIDALGO

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EDINBURG, TEXAS 78539

November 15, 2019

Rolando Garza, Chief Appraiser
Hidalgo County Appraisal District
4405 S. Professional Dr.
Edinburg, Texas 78540

Re: City of McAllen TIRZ No. 1 Report No. 2018-33, 2017-77, and 2016-34

Dear Mr. Garza:

We conducted a limited scope review of the tax years 2014 (Base Year), 2015, 2016 and 2017 list of tax accounts coded TML1 by the Hidalgo County Appraisal District (HCAD). The objective of the review was to determine if the list of tax accounts coded TML1 only included real property tax accounts located within the TIRZ boundaries as noted on the TIRZ map provided by the HCAD.

The scope of the review was limited to tax accounts located within the TIRZ for tax roll 2014, 2015, 2016, and 2017. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction.

In conducting the review, we examined the agreement between Hidalgo County and the City of McAllen TIRZ No. 1, the list of tax accounts coded TML1 by HCAD, on the TIRZ map provided by the HCAD.

The results of the review revealed the following:

1. For year 2014 (Base Year), the HCAD report included 3 tax accounts 294609, 294692, and 319228; however, according to the TIRZ map, the base year should also include tax accounts 294610, 294612, 294693, 541328, and 541331. The 5 tax accounts should be added to the 2014 list of base value tax accounts.
2. For year 2016, the HCAD report included 3 tax accounts 294609, 694692, and 319228; however, according to the TIRZ map, the 2016 year should also include tax account 1036298. The tax account should be added to the 2016 list of tax accounts.
3. For year 2017, the HCAD report included 11 tax accounts 294609, 294692, 319228, 1071558, 1075072, 1075073, 1075074, 1075318, 1075319, 1075338, and 1075339; however, according to the TIRZ map, the 2017 year should also include tax accounts 1036298, 1069428, 1074767, 1075317, and 1075320. The 5 tax accounts should be added to the 2017 list of tax accounts.

Please make the necessary corrections and submit a revised list of tax accounts for years 2014, 2016, and 2017 coded TML1 to the Hidalgo County Auditor's Office and Tax Assessor's-Collectors Office by November 29, 2019.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 4TH D.C.

FERNANDO MANCAB
JUDGE, 5TH D.C.

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

ROSE GUERRA REYNA
JUDGE, 26TH D.C.

MARLA CUELLAR
JUDGE, 27TH D.C.

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

NOE GONZALEZ
JUDGE, 37TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 38TH D.C.

L. KENO YASQUEZ
JUDGE, 39TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 46TH D.C.

YISMAEL D. FONSECA
JUDGE, 48TH D.C.

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

Cc: The Honorable Richard Cortez, Hidalgo County Judge
The Honorable Pablo Villarreal, Hidalgo County Tax Assessor-Collector
Roel Rodriguez, City Manager, City of McAllen

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 87TH D.C.

FERNANDO MANCIAS
JUDGE, 83RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 136TH D.C.

ROSE GUERRA REYNA
JUDGE, 208TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 373RD D.C.

LETICIA LOPEZ
JUDGE, 388TH D.C.

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

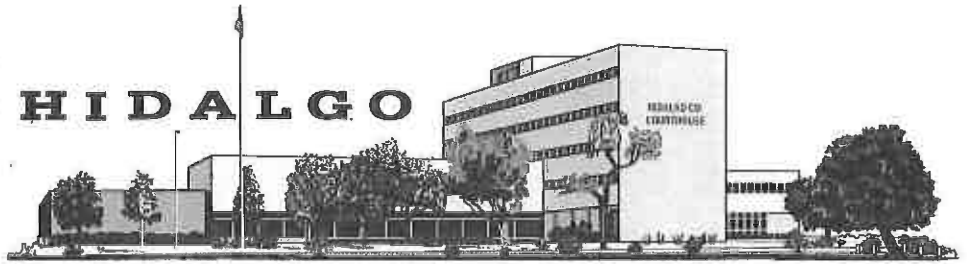
ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

RENEE R. BETANCOURT
JUDGE, 448TH D.C.

YSAIAH D. FONSECA
JUDGE, 481ST D.C.

COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
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EDINBURG, TEXAS 78539

November 19, 2019

The Honorable Lita Leo
Hidalgo County Treasurer
2810 South Business Highway 281
Edinburg, TX 78539-6243

Re: Visiting Judge's Compensation Claims - Audit No. 2019-81

Dear Ms. Leo:

We have completed an audit of Visiting Judge's Salary Claim Forms pursuant to Government Code §74.061. The objective of audit was to determine if the County compensated only the visiting judges for which the County is responsible to pay.

BACKGROUND:

Pursuant to Government Code §74.056 (a), "A presiding judge from time to time shall assign the judges of the administrative region to hold special or regular terms of court in any county of the administrative region to try cases and dispose of accumulated business."

Government Code §74.061(c) and (d) sets forth how visiting judges are compensated for assignment as certified by the presiding judge of the administrative judicial region. The visiting judge is entitled to receive compensation received from all sources by the judge of the court to which the assigned judge is assigned. The county shall pay the compensation on approval of the presiding judge of the administrative region in which the court to which the assigned judge is assigned is located. Texas Comptroller Form 73-325 "Visiting Judge's Salary Claim" form approved by the Fifth Administrative Judicial Region is sent to the County for payment.

The salary of assigned judges is paid by the County and State, as follows:

- Assignment of former or retired judge to county courts- County is responsible.
- Assignment of retired judge to district court- State is responsible.
- Assignment of former judge to district court- County is responsible for the pro-rata amount of the supplemental pay. State is responsible for rest.
- Assignment of former or retired judge to Auxiliary Court- County is responsible.
- Assignment of former or retired county court at law judge to district court-State is responsible.

SCOPE AND METHODOLOGY:

The scope of our audit was limited to "Visiting Judge's Salary Claim" Forms paid by the Treasurer's Office for payroll dates January 4, 2019 through September 13, 2019. The audit 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.

In conducting the audit, we reviewed "Visiting Judge's Salary Claim" Forms provided by the Treasurer's Office for payroll dates January 4, 2019 through September 13, 2019 and the Fifth Administrative Judicial Region's listing of senior (retired) and former judges available to serve on assignment, to determine if the County compensated only the visiting judges for which the County is responsible to pay.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCASA JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 204 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	HOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 388 TH D.C.	L. KENO VASQUEZ JUDGE, 389 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 448 TH D.C.	YBAMEL D. FONSECA JUDGE, 464 TH D.C.
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CONCLUSION:

Based on the audit, we concluded that the County compensated only the visiting judges for which the County is responsible to pay.

We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during this audit. If you have any questions, please contact, Reynaldo Cantu, Compliance Audit Supervisor, at 318-2511 ext. 4654, Reynaldo Cantu III, Letty Chavez, Director of Audit Division, at ext. 4645, Linda Fong, First Assistant Auditor, at ext. 4668 or me at ext. 4645.

Respectfully,



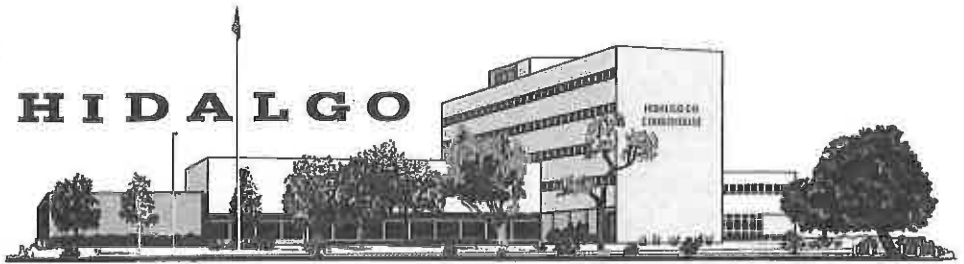
Maria Arcilia Duran, CPA
Hidalgo County Auditor

Cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 82 ND D.C.	FERNANDO MANGIAS JUDGE, 82 ND D.C.	J. R. "BOBBY" FLORES JUDGE, 138 TH D.C.	ROSE GUERRA REYNA JUDGE, 229 TH D.C.	MARLA CUELLAR JUDGE, 276 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 312 ND D.C.	INDÉ GONZÁLEZ JUDGE, 324 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 369 TH D.C.	L. KENO VASQUEZ JUDGE, 369 TH D.C.	ISRAEL RAMON, JR. JUDGE, 439 TH D.C.	RENEE R. BETANCOURT JUDGE, 448 TH D.C.	YSMAEL D. FONSECA JUDGE, 464 TH D.C.
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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

November 27, 2019

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

Re: October 2019 DTA Payment Request Report No. 2019-96

Dear Mr. Villarreal:

We completed a limited scope review of the October 2019 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 the 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 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 October 31, 2019. The 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.

In conducting the review, 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 October 2019."
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the DTA fees were collected at the 15% rate specified in the contract.
- Reviewed the "Hidalgo County Tax Office Collection Reports" 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 the 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 October 2019."
- Although DTA fees for 186 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 (182 tax

HIDALGO COUNTY DISTRICT JUDGES

LUIS H. SINGLETERRY JUDGE, 82 ND D.C.	FERNANDO MANCIAS JUDGE, 13 TH D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 205 TH D.C.	MARLA CUELLAR JUDGE, 276 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 322 ND D.C.	ROSE GONZALEZ JUDGE, 379 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 388 TH D.C.	L. MENDO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 448 TH D.C.	YSMAEL D. FONSECA JUDGE, 484 TH D.C.
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accounts), and small amounts collected (4 tax accounts) (see Exhibit A). The small amounts collected on the tax accounts resulted in a net shortage of \$0.02.

- The "Hidalgo County Tax Office Collection Reports" total amount of DTA fees collected agreed to the amount transferred to the Hidalgo County Treasurer's Office.

We will proceed to process the October 2019 DTA payment request in the amount of \$165,563.19 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

Enclosure: Exhibit A

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

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
JUDGE, 42ND D.C.

FERNANDO MANCIAS
JUDGE, 89TH D.C.

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

ROSE GUERRA REYNA
JUDGE, 294TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOS GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 388TH D.C.

L. KENO VASQUEZ
JUDGE, 386TH D.C.

ISRAEL RAMON, JR.
JUDGE, 450TH D.C.

RENEE R. BETANCOURT
JUDGE, 448TH D.C.

YSMAEL D. FONSECA
JUDGE, 484TH D.C.

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
1	1	2018	A542000000000400	0.8	0.17	0.97	0.14
2	1	2018	R140003000001400	0.14	0.03	0.17	0.02
3	1	2017	C140000028000002	150.96	38.37	189.33	27.18
4	1	2017	A180000035001102	102.14	24.35	126.49	18.08
5	1	2017	H269200000000400	62.64	15.92	78.56	11.28
6	1	2017	C715002010000900	29.31	7.96	37.27	5.4
7	1	2017	S510000003000500	30.4	7.37	37.77	5.38
8	1	2017	M655000003001200	25.92	6.59	32.51	4.67
9	1	2017	E770000000000401	19.8	4.79	24.59	3.5
10	1	2017	M3190000000003100	13.22	3.21	16.43	2.34
11	1	2017	M054097000021005	0.48	0.16	0.64	0.09
12	1	2016	T210000266001120	380.61	140.19	520.8	74.79
13	1	2016	E585000000000100	128.21	41.25	169.46	23.66
14	1	2016	R182000004001100	105.9	35.3	141.2	19.86
15	1	2016	P310802000002300	102.02	35.2	137.22	19.44
16	1	2016	W380000600000003	61.35	21.88	83.23	11.88
17	1	2016	E585000000000100	42.73	13.75	56.48	7.89
18	1	2016	T7451970000003100	35.98	11.22	47.2	6.48
19	1	2016	M5830000000003600	23.62	8.3	31.92	4.54
20	1	2016	D060001000001300	3.93	1.42	5.35	0.77
21	1	2016	S2950000000041610	3.77	1.26	5.03	0.71
22	1	2016	S396002000001200	0.16	0.07	0.23	0.04
23	1	2015	C444002011000100	286.45	86.42	372.87	48.56
24	1	2015	S728002000001800	26.66	11.33	37.99	5.2
25	1	2015	L43500000L000100	25.44	9.79	35.23	4.5
26	1	2015	V0565000000003500	19.11	9.11	28.22	4.04
27	1	2015	L5050000000006500	17.12	7.76	24.88	3.52
28	1	2014	E645000000006600	94.57	43.98	138.55	16.73
29	1	2014	I4046000000003800	32.3	16.97	49.27	6.59
30	1	2014	T210000254001625	23.9	13.35	37.25	5.24
31	1	2014	R410000001001400	6.86	3.35	10.21	1.29
32	1	2013	A210000024002000	127.38	92.03	219.41	31.71
33	1	2013	I4046000000003800	76.47	49.33	125.8	16.98
34	1	2013	T730000000002900	46.66	31.65	78.31	11.06
35	1	2013	T210000254001625	23.19	15.73	38.92	5.5
36	1	2013	C446000000001600	27.98	16.28	44.26	5.41
37	1	2013	T120000003001400	24.87	15.05	39.92	5.07
38	1	2013	B1900100000003400	20.19	11	31.19	3.57
39	1	2013	W340000000000800	16.66	10.2	26.86	3.45
40	1	2013	S7050000000003000	12.53	7.72	20.25	2.62
41	1	2013	H2840000000016500	8.06	4.69	12.75	1.56
42	1	2013	A210000048001001	5.68	3.25	8.93	1.07
43	1	2013	A210000048001001	5.69	3.24	8.93	1.07
44	1	2013	P320002006001200	3.42	1.91	5.33	0.63

45	1	2012	A210000024002000	125.63	105.84	231.47	33.54
46	1	2012	O210000005000035	118.95	79.49	198.44	23.37
47	1	2012	N665000002000500	82.2	51.92	134.12	14.79
48	1	2012	B1570000000005400	59.76	37.35	97.11	10.57
49	1	2012	W010000055000206	44.15	27.89	72.04	7.95
50	1	2012	S484300000003800	15.05	9.77	24.82	2.82
51	1	2011	C922000000000400	256.57	203.12	459.69	55.42
52	1	2011	L473500004000100	42.15	37.86	80.01	11.13
53	1	2011	L198000000000700	33.22	24.21	57.43	6.23
54	1	2011	N480000004000203	18.42	14.95	33.37	4.15
55	1	2010	L198000000000700	164.92	139.91	304.83	33.89
56	1	2010	M35500005300J100	61.96	61.03	122.99	16.54
57	1	2010	S350000000001405	59.43	58.93	118.36	16.04
58	1	2010	M355000050000D00	82.92	66.77	149.69	15.42
59	1	2010	K240000000007305	22.99	19.35	42.34	4.66
60	1	2010	H302000000000700	13.42	10.76	24.18	2.48
61	1	2010	G590098004000101	11.08	9.73	20.81	2.43
62	1	2010	G590098004000101	11.08	9.74	20.82	2.43
63	1	2010	B190040000004900	6.88	5.64	12.52	1.32
64	1	2009	L198000000000700	166.81	161.53	328.34	37.28
65	1	2009	E330000110001200	163.26	156.99	320.25	35.99
66	1	2009	F240000000000900	107.29	96.01	203.3	20.44
67	1	2009	C096001000000300	65.65	57.66	123.31	12.01
68	1	2009	B190025000001100	40.63	37.57	78.2	8.29
69	1	2009	L335500000000500	31.33	33.05	64.38	8.22
70	1	2009	C140000024001503	43.91	37.99	81.9	7.77
71	1	2009	L605000000026900	21.65	19.59	41.24	4.22
72	1	2009	L136500000010300	12.28	14.13	26.41	3.75
73	1	2009	R284600000004900	12.46	11.16	23.62	2.38
74	1	2009	S690000004000200	1.54	1.42	2.96	0.31
75	1	2009	C910000000004500	0.92	0.87	1.79	0.2
76	1	2008	L198000000000700	93.06	101.29	194.35	22.47
77	1	2008	L198000000000700	54.56	59.37	113.93	13.18
78	1	2008	C140000041001500	35.99	44.57	80.56	11.12
79	1	2008	C910000000004500	42.68	45.74	88.42	9.99
80	1	2008	C910000000004500	33.6	36.01	69.61	7.86
81	1	2008	S690000004000200	25.39	26.2	51.59	5.48
82	1	2008	A555000000000300	7.68	8.38	16.06	1.86
83	1	2008	N580000004001500	5.7	5.97	11.67	1.27
84	1	2008	A370000016001800	3.98	4.57	8.55	1.07
85	1	2008	L198000000000700	2.08	2.26	4.34	0.5
86	1	2007	W51500000002300	229.62	301.95	531.57	70.61
87	1	2007	L198000000000700	125.47	151.61	277.08	32.56
88	1	2007	S740000000000100	56.59	69.72	126.31	15.29
89	1	2007	S740000000000100	37.74	46.48	84.22	10.19
90	1	2007	L672500000014000	13.79	17.35	31.14	3.89
91	1	2007	B156007000004400	10.19	10.99	21.18	2.05
92	1	2007	B505000015001100	6.57	7.29	13.86	1.41

93	1	2007	W010098056000400	7.37	7.69	15.06	1.36
94	1	2007	A370000016001800	3.82	4.85	8.67	1.1
95	1	2007	A555000000000300	4.07	4.93	9	1.06
96	1	2006	A300000020001200	30.86	38.49	69.35	7.5
97	1	2006	A045500000002000	10.54	12.22	22.76	2.13
98	1	2006	S245000000001200	8	10.26	18.26	2.05
99	1	2005	W515000000002300	92.83	144.35	237.18	31.89
100	1	2005	S395000002000401	29.46	36.59	66.05	5.97
101	1	2005	B190018000002800	18.55	23.03	41.58	3.76
102	1	2005	J570000001000403	12.29	17.92	30.21	3.69
103	1	2005	J570000001000403	12.29	17.92	30.21	3.69
104	1	2005	E750000000001500	7.71	12.46	20.17	2.86
105	1	2005	L108502000002700	8.15	11.29	19.44	2.18
106	1	2005	G212000000000700	8.73	11.16	19.89	1.91
107	1	2005	T210000250001521	9.33	11.21	20.54	1.72
108	1	2005	H365003000001100	6.34	8.53	14.87	1.58
109	1	2005	E540000045000300	3.77	5.8	9.57	1.27
110	1	2005	R225001003001900	2.45	3.9	6.35	0.88
111	1	2005	E750000000001500	-7.71	-12.46	-20.17	-2.86
112	1	2004	G212000000000700	50.66	70.83	121.49	12.01
113	1	2004	R026300000001100	17.55	27.13	44.68	5.32
114	1	2004	H365003000001100	19.21	28.14	47.35	5.13
115	1	2004	T210000250001521	24.37	32.21	56.58	4.93
116	1	2004	M015000062000401	9.88	16.4	26.28	3.51
117	1	2004	V382000000000100	17.2	22.05	39.25	3.17
118	1	2004	T210000250001521	15.34	20.28	35.62	3.11
119	1	2004	W230000052000300	8.23	13.28	21.51	2.74
120	1	2004	E310000036001600	8.23	11.51	19.74	1.95
121	1	2004	M355000150002100	2.44	3.84	6.28	0.77
122	1	2003	R466001000001000	64.13	89.89	154.02	12.99
123	1	2003	S477000000009500	33.1	45.06	78.16	6.1
124	1	2003	M190001000003200	26.19	37.74	63.93	5.77
125	1	2003	R466001000001000	13.56	19	32.56	2.74
126	1	2003	B496504000032900	3.43	6.11	9.54	1.28
127	1	2003	S244002000003500	2.68	3.76	6.44	0.54
128	1	2003	T470000001000200	0.08	0.16	0.24	0.03
129	1	2003	R466001000001000	-64.13	-89.89	-154.02	-12.99
130	1	2002	W515000000002300	207.95	398.22	606.17	82.66
131	1	2002	C590000000001800	294.69	436.63	731.32	59.67
132	1	2002	T094002000000500	16.21	29.95	46.16	5.95
133	1	2002	G390000000000400	8.38	15.39	23.77	3.04
134	1	2002	G390000000000400	6.98	12.83	19.81	2.53
135	1	2002	B240002005000B00	7.04	11.25	18.29	1.8
136	1	2002	W010000044001052	7.37	11.19	18.56	1.62
137	1	2002	C690000001000700	3.88	6.2	10.08	0.99
138	1	2001	W515000000002300	181.17	368.68	549.85	75.28
139	1	2001	C590000000001800	240.02	384.43	624.45	52.92
140	1	2001	B240002005000B00	13.86	23.86	37.72	3.8

141	1	2001	M355000073002600	6.69	13.55	20.24	2.75
142	1	2001	G180000000000502	0.05	0.11	0.16	0.02
143	1	2000	W51500000002300	175.66	378.55	554.21	76.15
144	1	2000	C59000000001800	231.33	398.27	629.6	55.17
145	1	2000	G570000001002800	12.06	25.81	37.87	5.15
146	1	2000	S447004000000900	6.2	13.07	19.27	2.56
147	1	2000	R055003000002000	3.76	6.93	10.69	1.1
148	1	2000	M687000000002600	2.31	4.18	6.49	0.64
149	1	1999	C59000000001800	244.97	451.16	696.13	62.84
150	1	1999	W51500000002300	100.06	227.63	327.69	45.18
151	1	1999	L314000000003500	33.61	60.78	94.39	8.12
152	1	1999	O330000024001500	3.71	7.58	11.29	1.29
153	1	1999	T685000000005800	3.21	6.57	9.78	1.11
154	1	1998	C59000000001800	262.37	514.68	777.05	72.02
155	1	1998	D680000034000400	30.09	62.64	92.73	9.88
156	1	1998	E140000001000600	9.14	19.41	28.55	3.17
157	1	1998	S165000000001600	5.82	11.14	16.96	1.47
158	1	1997	C59000000001800	253.47	527.64	781.11	74.14
159	1	1997	L590000005000500	29.79	58.81	88.6	7.28
160	1	1997	M490000000009302	12.13	28.35	40.48	4.93
161	1	1996	C59000000001800	232.21	511.25	743.46	72.1
162	1	1996	R265000000000602	2.9	7.13	10.03	1.23
163	1	1995	C59000000001800	214.55	498.11	712.66	70.48
164	1	1995	S4770000000040600	3.96	10.59	14.55	1.93
165	1	1995	W010000030000728	0.93	2.52	3.45	0.47
166	1	1994	C59000000001800	199.16	486.29	685.45	69.01
167	1	1994	E540000002002100	17.7	43.95	61.65	6.45
168	1	1994	M703000000004100	13.97	34.65	48.62	5.09
169	1	1994	C120002000002600	4.3	11.15	15.45	1.79
170	1	1994	W010000030000728	3.08	8.68	11.76	1.59
171	1	1994	L205000001001000	2.87	7.7	10.57	1.31
172	1	1994	T540000001000100	1.63	4.27	5.9	0.69
173	1	1994	S215000003001700	0.24	0.61	0.85	0.09
174	1	1993	C59000000001800	198.51	508.52	707.03	72.36
175	1	1992	C59000000001800	194.52	521.64	716.16	74.4
176	1	1991	C59000000001800	184.18	516.01	700.19	73.76
177	1	1990	C59000000001800	181.09	529.08	710.17	75.79
178	1	1990	N340000000207700	2.72	8.09	10.81	1.19
179	1	1989	C59000000001800	181.18	551.09	732.27	79.08
180	1	1988	C59000000001800	176.31	557.43	733.74	80.13
181	1	1987	C59000000001800	135.49	444.63	580.12	64.02
182	1	1986	C59000000001800	2.85	9.69	12.54	1.4
183	12	1997	M490000000009302	0.59	1.36	1.95	0.24
184	12	1995	W010000030000728	0.04	0.15	0.19	0.03
185	12	1994	W010000030000728	0.16	0.45	0.61	0.08
186	1	2017	F767200000000700	88.63	21.5	110.13	15.69

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

December 4, 2019

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

Re: Cash Count Audit No. 2019-77

Dear Ms. Chapa:

We conducted a surprise cash count of the cash held at your office on September 24, 2019, 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 the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up to evaluate your office's progress toward resolving the finding identified in the cash count conducted September 25, 2018. The 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.

Conclusion:

Cash on hand at the time of the cash count totaled \$308.00. Based on the cash count, we determined that total cash on hand reconciled to the total receipts issued 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 observation.

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.

Observation No. 1:

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

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

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

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 82ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 136TH D.C. ROSE GUERRA REYNA JUDGE, 208TH D.C. MARLA CUELLAR JUDGE, 279TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 376TH D.C. LETICIA LOPEZ JUDGE, 388TH D.C. L. KERO VASQUEZ JUDGE, 388TH D.C. ISRAEL RAMON, JR. JUDGE, 450TH D.C. RENEE R. BEFANCOURT JUDGE, 468TH D.C. YSMAEL D. FONSECA JUDGE, 484TH D.C.

receipts and preparing reports of cash received. In addition, the individuals previously noted should be different from the individual responsible for approving the monthly report and verifying that voided original receipts are kept and reviewed.

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

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

Recommendation:

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

Please provide a management response to the observation noted above by December 13, 2019 using the attached Management Response Form.

We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the cash count. If you have any questions or would like to schedule a meeting to discuss this surprise cash count, please contact Reynaldo Cantu III, Compliance Audit Supervisor, at 318-2511 ext. 4654, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant County Auditor, at ext. 4668 or me at ext. 4645.

Respectfully,



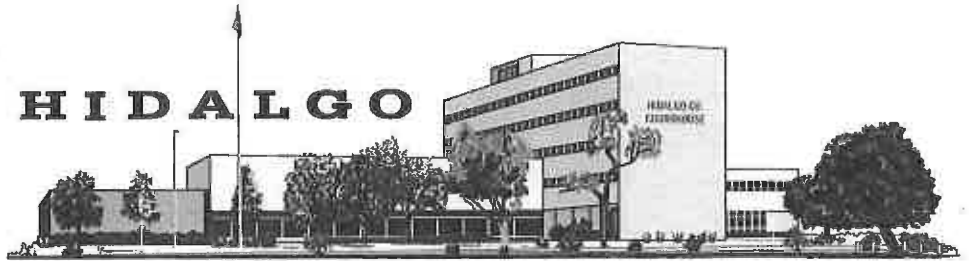
Maria Arcilia Duran, CPA
County Auditor

Enclosure: Management Response Form

cc: Valde Guerra, County Executive Officer

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
PHONE: (956) 318-2511
FAX: (956) 318-2577
WEBSITE: www.co.hidalgo.tx.us/auditor

October 28, 2019

The Honorable Eddie Guerra, Sheriff
Hidalgo County Sheriff's Office
711 El Cibolo Rd.
Edinburg, Texas 78541

Re: Cash Count Audit No. 2019-78

Dear Sheriff Guerra:

We conducted a surprise cash count of the cash held at the Sheriff's Office for the Investigative Fund account on September 6, 2019 as required by Local Government Code § 115.0035. The objective of the cash count was to determine if total cash on hand reconciled to the approved petty cash fund less total outstanding expenditure vouchers as of the time of the cash count.

Scope:

The scope of the review was limited to a count of the cash on hand and total outstanding vouchers as of the time of the cash count. The 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.

Conclusion:

Total cash on hand at the time of the cash count was \$8,585.00. Based on the review, we concluded that total cash on hand reconciled to the approved petty cash fund of \$10,000.00, less total outstanding vouchers.

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, feel free to call 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,

María Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Office

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 11TH D.C.

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

ROSE GUERRA REYNA
JUDGE, 208TH D.C.

MARLA CUELLAR
JUDGE, 276TH D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 352ND D.C.

HOE GONZALEZ
JUDGE, 379TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 381ST D.C.

L. KENO VASQUEZ
JUDGE, 393RD D.C.

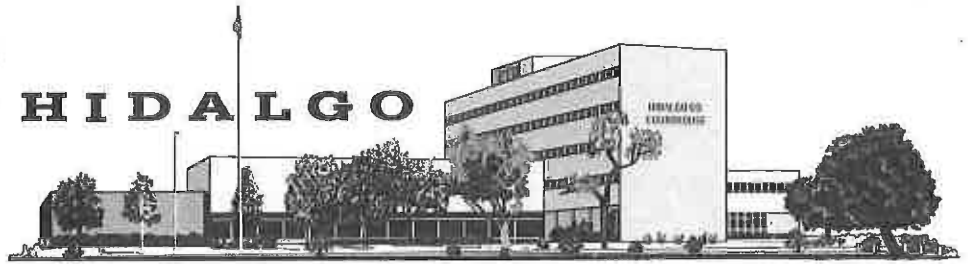
ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

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

YSMAEL D. FONSECA
JUDGE, 464TH 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

October 29, 2019

The Honorable Eddie Guerra, Sheriff
Hidalgo County Sheriff's Office
711 El Cibolo Rd.
Edinburg, Texas 78541

Re: Cash Count Audit No. 2019-79

Dear Sheriff Guerra:

We conducted a surprise cash count of the cash held at the Sheriff's Office for the Fee account on September 6, 2019 as required by Local Government Code § 115.0035. The objective of the cash count was to determine if 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 the review was limited to a count of the cash on hand as of the time of the cash count. The 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.

Conclusion:

There were no collections at time of the cash count. Based on the review, we concluded that total cash on hand reconciled to the approved change fund of \$100.00

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, feel free to call 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

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS H. SINGLETERRY JUDGE, 82ND D.C. FERNANDO MANCAS JUDGE, 93RD D.C. J.R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYHA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 216TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 312ND D.C. NOE GONZALEZ JUDGE, 376TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 386TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 450TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. YSMAEL D. FONSECA JUDGE, 464TH D.C.

COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
Hidalgo County Administration Building
2808 South Business Highway 281
Edinburg, Texas 78539-6243
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EDINBURG, TEXAS 78539

October 29, 2019

The Honorable Eddie Guerra, Sheriff
Hidalgo County Sheriff's Office
711 El Cibolo Rd.
Edinburg, Texas 78541

Re: Cash Count Audit No. 2019-80

Dear Sheriff Guerra:

We conducted a surprise cash count of the cash held at the Sheriff's Office for the Regular Trust account on September 6, 2019 as required by Local Government Code § 115.0035. The objective of the cash count was to determine if 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 the review was limited to a count of the cash on hand as of the time of the cash count. The 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.

Conclusion:

At the time of the cash count, receipts had not been issued and collections had not been 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, feel free to call 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

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINOLETERRY JUDGE, 82ND D.C. FERNANDO MANCIAS JUDGE, 83RD D.C. J. R. "BOBBY" FLORES JUDGE, 159TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 273RD D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. JOSE GONZALEZ JUDGE, 376TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 589TH D.C. ISRAEL RAMON, JR. JUDGE, 406TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. YEMAEI D. FONSECA JUDGE, 464TH 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

December 4, 2019

The Honorable Lita Leo
Hidalgo County Treasurer
2810 South Business Highway 281
Edinburg, TX 78539-6243

Re: Cash Count Report No. 2019-83

Dear Ms. Leo:

We conducted a surprise cash count of the cash held at the County Treasurer's Office on September 18, 2019 pursuant to Local Government Code §115.003 and §115.0035. The objective of the cash count was to determine if 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 the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up to evaluate your office's progress toward resolving the findings identified in the cash count conducted on June 25, 2019. The 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.

Conclusion:

Cash on hand at the time of the cash count totaled \$285,059.14. Based on the cash count, we concluded that total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund of \$50.00. We noted that improvements were made toward resolving the prior year finding; however, some improvements are required as noted in the following observations.

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.

Observation No. 1:

We noted that the signature of the person responsible for verifying that an official County receipt was issued for each mail-in payment was not noted on the mail log. According to the Chief Deputy, an electronic copy of the mail log is prepared by the Accountant II and reviewed daily by the Chief Deputy.

The County Auditor's Office requires that mail-in payments be listed on a daily mail log. The employee responsible for opening the mail and listing the mail-in payments must sign and date the mail log to document responsibility for verifying the cash received and preparing the listing. Mail-in payments must then be transferred to the cashier. After issuing a receipt for the mail-in payment, the cashier must enter the receipt date and receipt number issued for the mail-in payment on the mail log. The cashier must also sign and date the mail log to document responsibility for issuing the receipts. In addition, an employee other than the cashier should verify that

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 1ST D.C. FERNANDO MANCAS JUDGE, 2ND D.C. J. R. "BOBBY" FLORES JUDGE, 13TH D.C. ROSE GUERRA REYNA JUDGE, 20TH D.C. MARLA CUELLAR JUDGE, 21ST D.C. MARIO E. RAMIREZ, JR. JUDGE, 32ND D.C. NOE GONZALEZ JUDGE, 31ST D.C. OVERSEER LETICIA LOPEZ JUDGE, 36TH D.C. L. KENO VASQUEZ JUDGE, 38TH D.C. ISRAEL RAMON, JR. JUDGE, 45TH D.C. RENE R. BETANCOURT JUDGE, 44TH D.C. YSMAEL D. FONSECA JUDGE, 48TH D.C.

an official County receipt was issued for each mail-in payment. The employee conducting this verification must sign and date the mail log to document responsibility for the verification.

Failure to ensure that the mail log contains the signature of the person responsible for verifying that an official County receipt was issued for each mail-in payment increases the risk that checks received by mail are not receipted and deposited.

Recommendation:

Management should ensure that the person responsible for verifying that an official County receipt was issued for each mail-in payment is noted on the mail log.

Observation No. 2:

We noted that cashiers have access to modify receipts (i.e., receipt amount, payer name, payment description, and general ledger account number) that have been printed and issued to the payor, but have not been posted to *Alio*. According to staff, *Alio* currently does not limit this access; however, as a compensating control, all cashiers must obtain approval from the Chief Deputy before making any modifications to receipts.

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 IDs 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. 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).

Failure to ensure that access to modify receipts is not available to staff may result in the loss or misuse of County funds.

Recommendation:

Management should coordinate with *ESP*, *Alio* customer support, to ensure that this issue is resolved. The assistance of the County Auditor's Office System Support Specialist should be requested.

Please provide written management responses to the observations noted above by December 13, 2019 using the attached Management Response Forms.

We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the cash count. If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Michael Ramos, Internal Auditor I, at (956) 318-2511, ext. 4644, Reynaldo Cantu III, 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
Hidalgo County Auditor

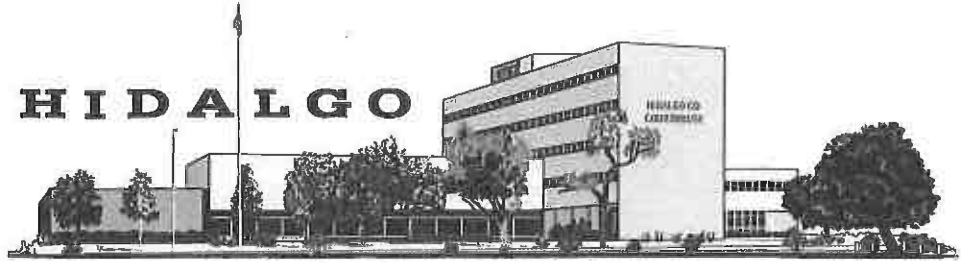
Enclosure: Management Response Forms

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

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

December 4, 2019

The Honorable J.E. "Eddie" Guerra, Sheriff
Hidalgo County Sheriff's Office
711 El Cibolo Rd.
Edinburg, Texas 78541

Re: Cash Count Report No. 2019-86 and 2019-87.

Dear Sheriff Guerra:

We conducted a surprise cash count of the cash held at the Sheriff's Office for the Bond "B" Trust account and "D" account on October 16, 2019, 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. We also conducted a follow-up to evaluate your office's progress toward resolving the finding identified in the cash count conducted on October 23, 2018. The 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.

Conclusion:

Cash on hand at the time of the cash count for the "B" account totaled \$375.00. No collections had been received for the "D" account. Based on the cash count, we concluded that total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count. In addition, we noted that the prior year finding was resolved.

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 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

cc: Mr. Valde Guerra, County Executive Officer
Mr. Roy Quintanilha, Chief, Adult Detention Division

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 106TH D.C.

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

MARLA CUELLAR
JUDGE, 270TH 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.

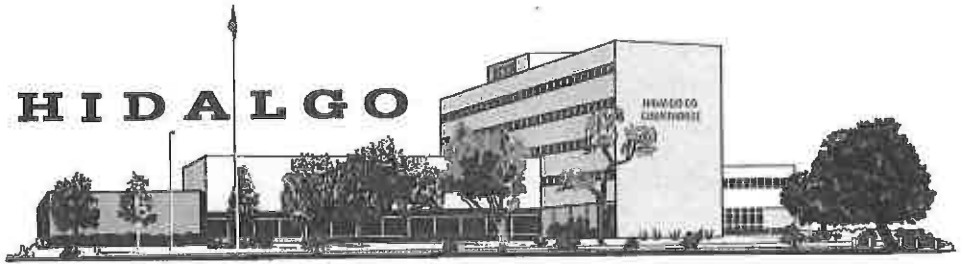
ISRAEL RAMON, JR.
JUDGE, 436TH D.C.

RENEE R. BETANCOURT
JUDGE, 448TH D.C.

YSMAEL D. FORSEGA
JUDGE, 484TH 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

December 4, 2019

The Honorable Eduardo Cantu, Commissioner
Hidalgo County Precinct No. 2
300 W. Hall Acres Suite G
Pharr, Texas 78577

Ref: Cash Count Report No. 2019-89

Dear Commissioner Cantu:

We conducted a surprise cash count of the cash held at the Alamo CRC Sanitation Office on October 22, 2019 as required by Local Government Code §115.0035. The objective of the cash count was to determine if 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 the 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 improvement could be made.

Conclusion:

Cash on hand at the time of the cash count totaled \$325.00. Based on the results of our review, we determined that total cash on hand reconciled to the total receipts issued 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 observation.

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.

Observation No. 1:

We noted that a transfer form is not completed when cashiering duties are transferred from one employee to another. According to staff, a reconciliation is completed by employees tracing receipts, cash, checks, and credit card payments back to the Sanitation Program generated reconciliation report; however, this process is not formally documented.

The County Auditor's Office requires the transfer of cash from one person to another be counted in the presence of both parties. The amount should be recorded on a receipt ("Shift Change Form"), and the receipt should be signed by the employee accepting custody. This is necessary for the purposes of establishing responsibility relating to a shortage.

Failure to ensure that a receipt signed by the employee who accepts custody of collections is prepared during a shift change increases the risk of loss or misuse of County funds.

HIDALGO COUNTY DISTRICT JUDGES

LUIS H. SINGLETERRY
JUDGE, 82ND D.C.

FERNANDO MANCIAS
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 19TH D.C.

ROSE GUERRA REYNA
JUDGE, 20TH D.C.

MARLA CUELLAR
JUDGE, 27TH D.C.

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

NOE GONZALEZ
JUDGE, 37TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 39TH D.C.

L. KENO VASQUEZ
JUDGE, 38TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 44TH D.C.

YSMAEL D. FONSECA
JUDGE, 46TH D.C.

Recommendation:

Management should ensure that the transfer of cash from one person to another is counted in the presence of both parties and documented on a "Shift Change Form."

Please provide a written management response using the attached Management Response Form for the observation noted above by December 13, 2019.

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 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

Enclosure: Management Response Form

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 83RD D.C.

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

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

MARLA CUELLAR
JUDGE, 273TH D.C.

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

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 388TH D.C.

L. KENO VASQUEZ
JUDGE, 388TH D.C.

ISRAEL RAMON, JR.
JUDGE, 436TH D.C.

RENEE R. BETANCOURT
JUDGE, 448TH D.C.

YSMAEL D. FONSECA
JUDGE, 464TH D.C.



**HIDALGO COUNTY AUDITOR'S OFFICE
INTERNAL AUDIT DIVISION
MANAGEMENT RESPONSE FORM**

AUDITEE: Commissioner Precinct No. 1
- Alamo CRC Sanitation
Office Cash Count **AUDIT NO.:** 2019-89

AUDIT: Cash Count **MANAGEMENT**
RESPONSE DUE: December 13, 2019

FINDING No.: 1 **RECOMMENDATION:** 1

Management should ensure that the transfer of cash from one person to another is counted in the presence of both parties and documented on a "Shift Change Form."

Management Response (Choose One):

 AGREE TO TAKE REMEDIAL ACTION (Action Plan attached)
 AGREE TO ACCEPT RISK OF NOT TAKING REMEDIAL ACTION
 DISAGREE THAT RISK EXISTS (Specify below)

Management Comments (Attach additional page(s) if necessary):

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

**COUNTY OF HIDALGO, TEXAS
TRANSFER FORM**

DATE OF COLLECTION: _____

CASHIER'S NAME: _____

NAME OF EMPLOYEE COLLECTIONS ARE BEING TRANSFERRED TO: _____

PART I: RECAP OF RECEIPTS ISSUED-TOTAL COLLECTIONS

TOTAL CASH COLLECTED (RECEIPT # _____ THROUGH _____) \$ _____

PART II: CASH ON HAND BY ACTUAL COUNT

A.) TOTAL CHECKS \$ _____

CHECK NUMBER	AMOUNT	CHECK NUMBER	AMOUNT
a. _____	_____	f. _____	_____
b. _____	_____	g. _____	_____
c. _____	_____	h. _____	_____
d. _____	_____	i. _____	_____
e. _____	_____	j. _____	_____

B.) CURRENCY **C.) COINS** \$ _____

_____ ONES	_____	_____ PENNIES	_____
_____ FIVES	_____	_____ NICKELS	_____
_____ TENS	_____	_____ DIMES	_____
_____ TWENTIES	_____	_____ QUARTERS	_____
_____ FIFTIES	_____	_____ HALF DOLLARS	_____
_____ HUNDREDS	_____	_____ SILVER DOLLARS	_____
_____ OTHER	_____		
TOTAL	_____	TOTAL	_____

D.) TOTAL CREDIT CARDS \$ _____
(ATTACH CC REPORT)

E. TOTAL CHECKS, CURRENCY AND COINS, AND CREDIT CARDS \$ _____

F. LESS: CHANGE FUND (IF ANY) \$ _____

TOTAL FUNDS RECEIVED \$ _____

VARIANCE- OVERAGE/ (SHORTAGE) \$ _____

COMMENTS: _____

PART III: ACKNOWLEDGMENT AND APPROVAL

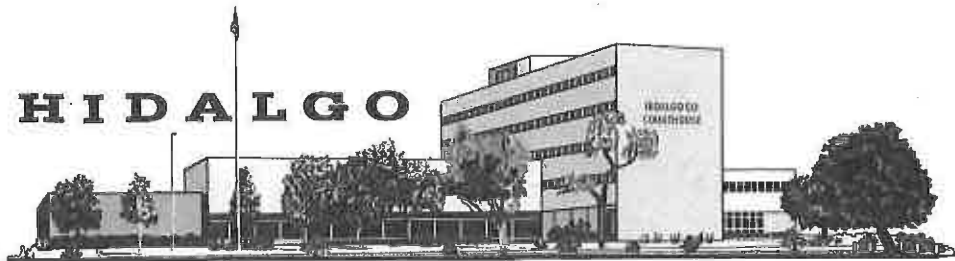
I have counted and acknowledge receipt of all cash collected.

COUNTED BY: _____ WITNESSED BY: _____

The cash count must be witnessed by the employee taking custody of the collections.
Any variance must immediately reconciled and brought to the attention of a supervisor.

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

December 4, 2019

Honorable Celestino Avila, Jr., Constable
Hidalgo County Precinct No. 1
1902 Joe Stephens Suite 303
Weslaco, Texas 78596

Re: Cash Count Report No. 2019-91

Dear Constable Avila:

We conducted a surprise cash count of the cash held at your office on November 5, 2019, 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 the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up to evaluate your office's progress toward resolving the findings identified in the cash count conducted June 6, 2018. The 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.

Conclusion:

At the time of the cash count, receipts had not been issued and collections had not been made. We noted that improvements were made toward resolving the prior year findings; however, some improvements are required as noted in the following observation.

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.

Observation No. 1:

We noted that segregation of duties over the handling of collections requires improvement. The Administrative Assistant II performs the following incompatible duties:

- Custody: Receives money, issues receipts, opens and lists mail receipts, balances copies of receipts against the cash drawer, maintains a cash drawer, prepares bank deposit, and has access to the inventory of unused receipts
- Recording: Accounts for numerical sequence of receipts, records receipts on cash received log, maintains inventory log of unused receipts, and prepares reports of cash received
- Authorization: Subsequently compares listed mail receipts to recorded receipts.

According to staff, segregation of duties is difficult to achieve within the department due to limited personnel.

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

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 82ND D.C. FERNANDO MANCIBAS JUDGE, 93RD D.C. J. R. "BOBEY" FLORES JUDGE, 138TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 276TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 338TH D.C. LETICIA LOPEZ JUDGE, 376TH D.C. L. RENO VASQUEZ JUDGE, 524TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 448TH D.C. YESHAEL D. FONSECA JUDGE, 484TH D.C.

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 copies of receipts against the cash drawer, maintaining a cash drawer, preparing bank deposit, and having access to the inventory of unused receipts should be different from the individual responsible for accounting for numerical sequence of receipts, recording receipts on cash received log, maintaining inventory log of unused receipts, and preparing reports of cash received. In addition, the individuals previously noted should be different from the individual responsible for subsequently comparing listed mail receipts to recorded 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, such as those noted above, are adequately segregated. If incompatible duties cannot be adequately segregated, management should ensure that compensating controls are implemented.

Please provide a written management response to the observation noted above by December 13, 2019.

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 Reynaldo Cantu III, Compliance Audit Supervisor, ext. 4654, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

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

BERNARDO MANCIAS
JUDGE, 63RD D.C.

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

NOSE GUERRA REYNA
JUDGE, 208TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 376TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

L. RENO VARGUEZ
JUDGE, 395TH D.C.

ISRAEL RAMON, JR.
JUDGE, 407TH D.C.

RENEE R. DETANCOURT
JUDGE, 448TH D.C.

YSHAEEL D. FONSECA
JUDGE, 444TH D.C.



**HIDALGO COUNTY AUDITOR'S OFFICE
INTERNAL AUDIT DIVISION
MANAGEMENT RESPONSE FORM**

AUDITEE: Constable Precinct No. 1 AUDIT NO.: 2019-91
AUDIT: Cash Count MANAGEMENT RESPONSE DUE: December 13, 2019
FINDING No.: 1 RECOMMENDATION: 1

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

Management Response (Choose One):

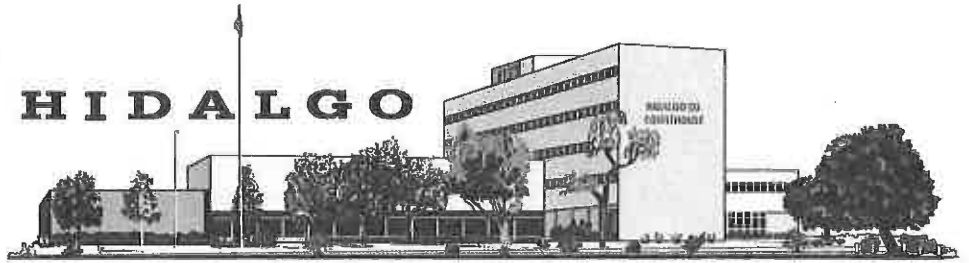
 AGREE TO TAKE REMEDIAL ACTION (Action Plan attached)
 AGREE TO ACCEPT RISK OF NOT TAKING REMEDIAL ACTION
 DISAGREE THAT RISK EXISTS (Specify below)

Management Comments (Attach additional page(s) if necessary):

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

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

November 12, 2019

Mr. Homero Garza, Fire Marshal
Hidalgo County Fire Marshal's Office
1903 N. Knights Drive
Pharr, Texas 78577

Re: Cash Count Audit No. 2019-93

We conducted a surprise cash count of the cash held at your office on September 10, 2019 as required by Local Government Code §115.0035. The objective of the cash count was to determine if 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 the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up to evaluate your office's progress toward resolving the finding included in the cash count conducted on September 4, 2018. The 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.

Conclusion:

Total cash on hand at the time of the cash count was \$200.00. Based on the cash count, we 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 \$150.00. We noted that improvements were made toward resolving the prior year finding; however, some improvement is required as noted in the following observation.

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.

Observation No. 1:

We noted that segregation of duties over the handling of collections requires improvement. The Administrative Assistant performs the following incompatible duties:

- o Custody: Receives money, issues receipts, opens and lists mail receipts, balances copies of receipts against the cash drawer, maintains a cash drawer, prepares deposit, and has access to the inventory of unused receipts
- o Recording: Accounts for numerical sequence of cash receipts, maintains inventory log of unused receipts, and 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

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERNY JUDGE, 22ND D.C. FERNANDO MANCAS JUDGE, 40TH D.C. J. R. "BOBBY" FLORES JUDGE, 130TH D.C. ROSE GUERRA REYNA JUDGE, 204TH D.C. MARLA CUELLAR JUDGE, 276TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 312TH D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 388TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 435TH D.C. RENEE R. BETANCOURT JUDGE, 440TH D.C. YSMAEL D. FONSECA JUDGE, 464TH D.C.

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 copies of receipts against cash drawer, maintaining a cash drawer, preparing deposits, and having access to the inventory of unused receipts should be different from the individual responsible for accounting for the numerical sequence of cash receipts, maintaining inventory log of unused 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 a limited number of clerical and administrative personnel, management needs to be involved in documenting, reviewing, and approving transactions, reports, and reconciliations. Adequate and timely supervision is especially important in small departments, where limited personnel may inhibit a thorough segregation of duties.

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

Recommendation:

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

Please provide a written management response to the observation noted above by December 2, 2019 using the attached Management Response Form.

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

cc: Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

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

December 4, 2019

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

Re: Cash Count Audit No. 2019-94

Dear Mr. Olivarez:

We conducted a surprise cash count of the cash held at the Environmental Health Division-Restaurant Health Permit Section on November 13, 2019, as required by Local Government Code § 115.0035. The objective of the cash count was to determine if 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 the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up to evaluate your office's progress toward resolving the finding identified in the cash count conducted on August 15, 2018. The 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.

Conclusion:

Cash on hand at the time of the cash count totaled \$425.00. Based on the cash count, we concluded that total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund of \$25.00. In addition, the prior year finding was resolved.

We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the cash count. If you have any questions or would like to schedule a meeting to discuss this cash count, 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 County Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,

A handwritten signature in cursive script that reads 'Maria A. Duran' with a superscript '9'.

Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93RD D.C.

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

ROSE GUERRA REYNA
JUDGE, 168TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 387TH D.C.

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

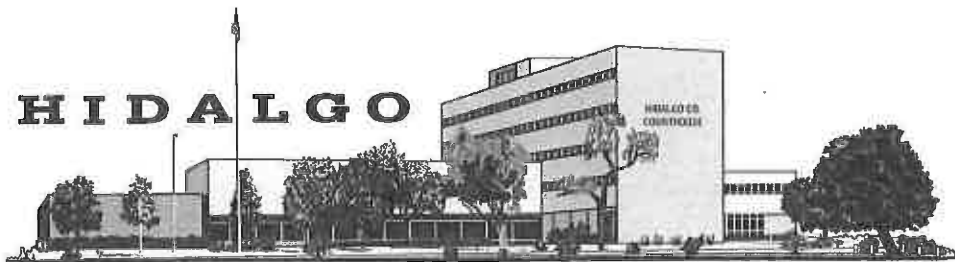
ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

RENEE R. BETANCOURT
JUDGE, 448TH D.C.

YSMAEL D. FONSECA
JUDGE, 464TH 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

December 4, 2019

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

Re: Cash Count Audit No. 2019-95

Dear Mr. Olivarez:

We conducted a surprise cash count of the cash held at the Environmental Health Division - On-Site Sewage Facilities - Edinburg location on November 13, 2019, as required by Local Government Code §115.0035. The objective of the cash count was to determine if 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 the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up to evaluate your office's progress toward resolving the finding identified in the cash count conducted on August 15, 2018. The 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.

Conclusion:

Cash on hand at the time of the cash count totaled \$750.00. Based on the cash count, we have concluded that total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund of \$25.00. In addition, the prior year finding was resolved.

We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the cash count. If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Reynaldo Cantu III, Compliance Audit Supervisor at (956) 318-2511, ext. 4654, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant County Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,

Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS N. SINGLETERRY
JUDGE, 82ND D.C.

FERNANDO MANGIAS
JUDGE, 83RD D.C.

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

ROSE GUERRA REYNA
JUDGE, 208TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 378TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 388TH D.C.

L. KENO VASQUEZ
JUDGE, 389TH D.C.

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

RENEE R. BETANCOURT
JUDGE, 448TH D.C.

YSMAEL D. FONSECA
JUDGE, 461TH D.C.

COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

December 2, 2019

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

Re: Cash Count Report No. 2019-556

Dear Mr. Olivarez:

We conducted a surprise cash count of the cash held at the Weslaco Health Clinic on September 10, 2019, 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. We also conducted a follow-up to evaluate your office's progress toward resolving the findings regarding the cash count conducted on April 25, 2018. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. We noted that improvements were made toward resolving the prior year findings; however, some improvements are required as noted in the following observation.

Conclusion:

Total cash on hand at the time of the cash count was \$385.00. Based on the cash count, we 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 observation.

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.

Observation No. 1:

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

- 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
- Recording: Account for numerical sequence of receipts and prepare reports of cash received
- Authorization: Verify that voided original receipts are kept and reviewed

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

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERAY
JUDGE, 12th D.C.

BERNARDO MANCIAS
JUDGE, 33rd D.C.

J. R. "BOBBY" FLORES
JUDGE, 33rd D.C.

ROSE GUERRA REYNA
JUDGE, 20th D.C.

MARLA CUELLAR
JUDGE, 27th D.C.

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

NOE GONZALEZ
JUDGE, 37th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 38th D.C.

L. KENO VASQUEZ
JUDGE, 38th D.C.

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

RENEE R. BETANCOURT
JUDGE, 46th D.C.

YSKAEL D. FORSECA
JUDGE, 46th D.C.

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 cash receipts and preparing reports of cash received. In addition, the individuals previously noted should be different from the individual responsible for verifying that voided original receipts are kept and reviewed.

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

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

Recommendation:

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

Please provide a written management response to the observation noted above by December 6, 2019.

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

HIDALGO COUNTY DISTRICT JUDGES

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

December 4, 2019

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

Re: Cash Count Report No. 2019-563

Dear Mr. Villarreal:

We conducted a surprise cash count of the cash held at the Weslaco Tax Office on September 25, 2019 as required by Local Government Code §115.0035. The objective of the cash count was to determine if 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 the review was limited to a count of the cash on hand as of the time of the cash count. The 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.

Conclusion:

Cash on hand at the time of the cash count totaled \$15,050.40. Based on the cash count, we concluded that total cash on hand reconciled to total receipts issued for the day up to the time of the cash count and the approved change fund of \$200.00.

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 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. 4668, or me at ext. 4645.

Respectfully,

Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Ms. Eva Mireles, Chief of Operations
Mr. Lucy Flores, Substation Supervisor

HIDALGO COUNTY DISTRICT JUDGES

LUIS H. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 138TH D.C. ROSE GUERRA REYNA JUDGE, 205TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 379TH D.C. LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 318TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 448TH D.C. YSMAEL D. FONSECA JUDGE, 464TH D.C.

COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

December 4, 2019

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. 2019-568

Dear Mr. Villarreal:

We conducted a surprise cash count of the cash held at the Elsa Tax Office on September 19, 2019, as required by Local Government Code §115.0035. The objective of the cash count was to determine if 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 the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up to evaluate your office's progress toward resolving the findings identified in the cash count conducted December 13, 2018. The 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.

Conclusion:

Cash on hand at the time of the cash count totaled \$2,210.60. Based on the cash count, we concluded that generally total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund of \$700.00. We noted that improvements were made toward resolving the prior year findings; however, some improvements are required as noted in the following observation.

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.

Observation No. 1:

We noted that segregation of duties over the handling of collections requires improvement. The office Supervisor and Assistant Supervisor perform the following incompatible duties:

- Custody: Receive money, issue receipts, balance copies of receipts against the cash drawer, maintain a cash drawer, and prepare bank deposits
- Recording: Prepare reports of cash received
- Authorization: Verify that voided original receipts are kept and reviewed

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

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MORALES
JUDGE, 63RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 136TH D.C.

ROSE GUERRA REYNA
JUDGE, 208TH D.C.

MARLA CUELLAR
JUDGE, 278TH D.C.

MARIO E. RAMIREZ, JR.
JUDGE, 352ND D.C.

ROE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

L. KENO VASQUEZ
JUDGE, 389TH D.C.

ISRAEL RAMON, JR.
JUDGE, 426TH D.C.

RENEE R. BETANCOURT
JUDGE, 448TH D.C.

YSRAEL D. FONSECA
JUDGE, 464TH D.C.

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, and preparing bank deposits should be different from the individual responsible for preparing reports of cash received. In addition, the individuals previously noted should be different from the individual responsible for verifying that voided original receipts are kept and reviewed.

Maintaining segregation of duties is especially challenging for units with a small number of employees. In these cases, it is important that management institute compensating controls to cover for the lack of a basic control. In an environment with 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 a written management response to the observation noted above by December 13, 2019.

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. 4468, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

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

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANDIAS
JUDGE, 67TH D.C.

J. R. "BOBBY" FLORES
JUDGE, 136TH D.C.

ROSE GUERRA REYNA
JUDGE, 269TH D.C.

MARLA CUELLAR
JUDGE, 278TH D.C.

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

NOE GONZALEZ
JUDGE, 324TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 369TH D.C.

L. KENO VASQUEZ
JUDGE, 391ST D.C.

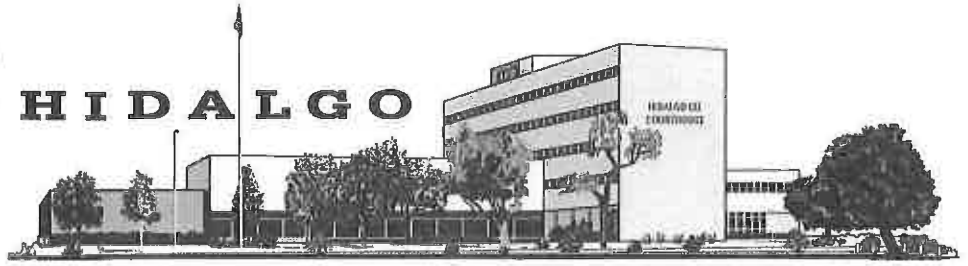
ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

RENEE R. BETANCOURT
JUDGE, 448TH D.C.

YSMAEL D. FONSECA
JUDGE, 684TH 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

November 19, 2019

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. 2019-578

Dear Mr. Villarreal:

We conducted a surprise cash count of the cash held at the San Juan Motor Vehicle Substation on August 29, 2019, 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 the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up to evaluate your office's progress toward resolving the findings regarding the cash count conducted on October 25, 2018. The 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.

Conclusion:

Total cash on hand at the time of the cash count was \$27,475.81. Based on the cash count, we concluded that total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count, web agent reports, and the approved change fund of \$4,000.00. We noted that improvements were made toward resolving the prior year findings; however, some improvements are required as noted in the following observations.

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.

Observation No. 1:

We noted that supervisors are able to reverse/void credit card transactions. According to management, Hamer Enterprises provided an online portal in which supervisors were given the ability to reverse same-day credit card transactions. Reversals/voids are done when the incorrect amount is processed on the transaction or when an individual wants to cancel the transaction.

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

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93RD D.C.

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

ROSE GUERRA REYNA
JUDGE, 209TH D.C.

MARLA CUELLAR
JUDGE, 276TH D.C.

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

JOE GONZALEZ
JUDGE, 376TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

L. KENO VASQUEZ
JUDGE, 392ND D.C.

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

RENEER. BETANCOURT
JUDGE, 448TH D.C.

YSMAEL D. FONSECA
JUDGE, 464TH D.C.

incorrect, then the difference should be treated as an overpayment. If a refund needs to be issued, the 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.

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

Recommendation:

Management should ensure that access to the online credit card portal to reverse/void transactions is revoked. If a refund is due to the payer, it must be processed as a refund check.

Observation No. 2:

We were informed by the Substation Supervisor that the change fund assigned to the Motor Vehicle Division is used to make change for Motor Vehicle Division and Tax Division.

The County Auditor's Office requires that change fund advances be used only by the approved division.

Failure to ensure that change fund advances are used only by the approved division may increase the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that change funds are used for their respective divisions. On the recommendation of the County Auditor, the Commissioners Court may increase or decrease the change fund at any time, if the change fund advance for the Tax Division is not adequate to run the daily operations.

Please provide written management responses to the observations noted above by November 25, 2019.

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, at (956) 318-2511, ext. 4647, 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,



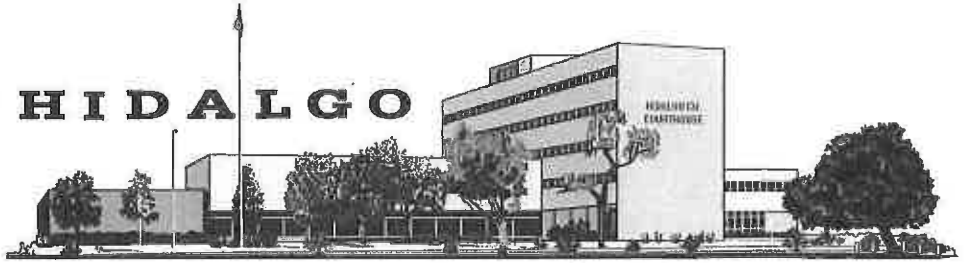
Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Valde Guerra, County Executive Officer
Eva Mireles, Chief of Operations
Santos Castilleja, Motor Vehicle Division Manager
Herlinda Lara, San Juan Motor Vehicle Substation Supervisor

HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO

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EDINBURG, TEXAS 78539

November 12, 2019

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. 2019-580

Dear Mr. Villarreal:

We conducted a surprise cash count of the cash held at the Elsa Motor Vehicle Substation on August 6, 2019, as required by Local Government Code §115.0035. The objective of the cash count was to determine if 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 the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review of the internal control weaknesses identified in the cash count conducted on November 8, 2018. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction.

Conclusion:

Total cash on hand at the time of the cash count was \$41,244.40. Based on the review, we concluded that cash on hand generally reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund of \$4,200.00.

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 Marissa Castillo, Internal Auditor II, at (956) 318-2511, ext. 4650, 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,

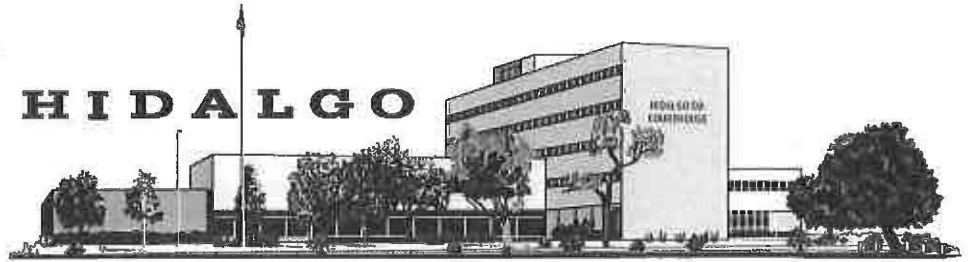
Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Santos Castilleja, Motor Vehicle Division Manager
Ms. Hermelinda Esparza, Elsa Motor Vehicle Substation Supervisor

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 12TH D.C. FERNANDO MANGAS JUDGE, 8TH D.C. J. R. "BOBBY" FLORES JUDGE, 13TH D.C. ROSE GUERRA REYNA JUDGE, 26TH D.C. MARLA CUELLAR JUDGE, 27TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 33RD D.C. NOE GONZALEZ JUDGE, 37TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 36TH D.C. L. KENO VASQUEZ JUDGE, 36TH D.C. ISRAEL RAMON, JR. JUDGE, 43RD D.C. RENEE R. BETANCOURT JUDGE, 46TH D.C. YSMAEL D. FONSECA JUDGE, 44TH D.C.

COUNTY of HIDALGO



EDINBURG, TEXAS 78539

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

November 8, 2019

The Honorable Jesus E. Morales
Justice of the Peace, Pct. 1, Pl. 2
1902 Joe Stephens, Suite 302
Weslaco, Texas 78596

Re: Cash Count Report No. 2019-587

Dear Judge Morales:

We conducted a surprise cash count of the cash held at your office on August 8, 2019, 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 up to the time of the cash count.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review of the internal control weaknesses identified in the cash count conducted on September 4, 2018. In addition, we evaluated the procedures in place related to documenting the authorization of dismissed criminal cases for the period of June 1, 2019 through June 30, 2019. The 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.

Conclusion:

Total collections at the time of the cash count were \$2,602.00. Based on the review, we 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 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.

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.

Observation No. 1:

Total cash on hand at the time of the cash was over \$1,242.00 due to 27 mail-in payments received on August 8, 2019 that had not been receipted. Of the 27 mail-in payments:

- o 7 checks totaling \$322.00 were receipted on August 8, 2019.
- o 20 checks totaling \$920.00 were receipted on August 9, 2019.

According to the Court Coordinator, checks are not promptly receipted due to heavy workload.

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

HIDALGO COUNTY DISTRICT JUDGES

LUIS N. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 83RD D.C. J. R. "BOBBY" FLORES JUDGE, 159TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 335TH D.C. ROE GONZALEZ JUDGE, 376TH D.C. LETICIA LOPEZ JUDGE, 381ST D.C. L. KEND VASQUEZ JUDGE, 389TH D.C. ISRAEL RAMON, JR. JUDGE, 438TH D.C. RENEE R. BETANCOURT JUDGE, 446TH D.C. YSMAEL D. FONSECA JUDGE, 464TH D.C.

the amount collected is less than \$100.00.

Failure to ensure that all payments are promptly receipted and deposited increases the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that all payments are promptly receipted and deposited.

Observation No. 2:

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

- o Custody: Receives money, issues receipts, balances copies of receipts against cash drawer, and maintains a cash drawer
- o Recording: Has access to dismiss cases in *Odyssey* and prepares the monthly report
- o Authorization: Verifies that voided original receipts are kept and reviewed

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

- o Custody: Receive money, issue receipts, balance copies of receipts against cash drawer, maintain a cash drawer, and have access to inventory of unused cash receipts
- o Recording: Account for the numerical sequence of receipts, have access to dismiss cases in *Odyssey* and prepare reports of cash received

According to the Court Coordinator, all staff has been cross trained in the event that they are limited in staff.

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, and having access to inventory of unused cash receipts should be different from the individual responsible for accounting for the numerical sequence of receipts, dismissing cases in *Odyssey*, preparing reports of cash received, and preparing the monthly report. In addition, the individuals previously noted should not be responsible for verifying that voided original receipts are kept and reviewed.

Maintaining segregation of duties is especially challenging for units with a small number of employees. In these cases, it is important that management institute compensating controls to cover for the lack of a basic control. In an environment with 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:

The notices stating "A \$_ fee will be collected on all returned checks", "Gifts, gratuities, and tips will not be accepted", and "The area is being monitored by a security camera" were not posted in a conspicuous location for the public's view. According to the Court Coordinator, they failed to post the notices when they relocated.

HIDALGO COUNTY DISTRICT JUDGES

The County Auditor's Office requires that notices stating "A \$__ fee will be collected on all returned checks", "Gifts, gratuities, and tips will not be accepted", and the "The area is being monitored by a security camera" be posted in a place visible to the public near cashiers.

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

Recommendation:

Management should ensure that these notices are posted in a conspicuous location for the public's view.

Observation No. 4:

We randomly selected 17 of 112 (15%) dismissed criminal cases for the month ended June 30, 2019 to determine if authorization for dismissal of the cases was properly documented. The results of the review revealed that all 17 cases contained the proper documentation authorizing the dismissal of the cases. However, for 1 case, the Order of Dismissal was missing the month and date. According to the Court Coordinator the Order of dismissal did not contain complete date due to an oversight.

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.

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 continue to ensure that dismissals are properly documented.

Please provide written management responses to the observations 1 through 4 noted above by November 22, 2019 using the attached Management Response Forms.

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 Araceli Guillen, 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

Enclosure

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES



**HIDALGO COUNTY AUDITOR'S OFFICE
INTERNAL AUDIT DIVISION
MANAGEMENT RESPONSE FORM**

AUDITEE: Justice of the Peace, Pct. 2, Pl. 1 AUDIT NO.: 2019 - 587
AUDIT: Cash Count MANAGEMENT RESPONSE DUE: November 22, 2019
FINDING No.: 1 RECOMMENDATION: 1

Management should ensure that all payments are promptly receipted and deposited.

Management Response (Choose One):

 AGREE TO TAKE REMEDIAL ACTION (Action Plan attached)
 AGREE TO ACCEPT RISK OF NOT TAKING REMEDIAL ACTION
 DISAGREE THAT RISK EXISTS (Specify below)

Management Comments (Attach additional page(s) if necessary):

Specify Target Date of Remedial Action (if any):

Signature: _____ Date: _____



**HIDALGO COUNTY AUDITOR'S OFFICE
INTERNAL AUDIT DIVISION
MANAGEMENT RESPONSE FORM**

AUDITEE: Justice of the Peace, Pct. 2, Pl. 1 AUDIT NO.: 2019 - 587
AUDIT: Cash Count MANAGEMENT RESPONSE DUE: November 22, 2019
FINDING No.: 4 RECOMMENDATION: 4

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

Management Response (Choose One):

- AGREE TO TAKE REMEDIAL ACTION (Action Plan attached)
 AGREE TO ACCEPT RISK OF NOT TAKING REMEDIAL ACTION
 DISAGREE THAT RISK EXISTS (Specify below)

Management Comments (Attach additional page(s) if necessary):

Specify Target Date of Remedial Action (if any):

Signature: _____ Date: _____
