

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



January 11, 2022

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 Everardo Villarreal, 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. Ricardo Rodriguez, Jr., Criminal District Attorney Hidalgo County Office of Criminal District Attorney	H.B. 65 Financial Statements for June 2021 through August 2021
The Hon. Ricardo Rodriguez, Jr., Criminal District Attorney Hidalgo County Office of Criminal District Attorney	Chapter 59 Asset Forfeiture Audit Report for FYE 8-31-2021 Audit No. 2021-57
The Hon. Ricardo Rodriguez, Jr., Criminal District Attorney Hidalgo County Office of Criminal District Attorney	HIDTA Financial Statement for June 2021 through August 2021
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	September 2021 DTA Payment Request Report 2021-60
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	October 2021 DTA Payment Request Report 2021-63
The Honorable Eduardo Cantu, Commissioner Hidalgo County Precinct No. 2	Cash Count Report No. 2021-58
The Honorable Lita Leo, County Treasurer & Mr. Sergio Cruz, Budget Officer	2021 Approved Salary Schedule Audit No. 2021-11
Mr. Ron Garza, City Manager City of Edinburg	City of Edinburg TIRZ No. 4 Entertainment Center – Report No. 2021-32
Mr. Rolando Garza, Chief Appraiser Hidalgo County Appraisal District	City of Edinburg TIRZ No. 4 Entertainment Center – Report No. 2021-32
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	City of Edinburg TIRZ No. 4 Entertainment Center – Report No. 2021-32
The Honorable Lita Leo, County Treasurer Hidalgo County Treasurer's Office	Cash Count Report No. 2021-61
The Honorable Celestino Avila, Constable Hidalgo County Precinct No. 1	MFR for June 2021 through October 2021
The Honorable Eduardo Cantu, Commissioner Hidalgo County Precinct No. 2	Swimming Pool MFR for June 2021 through August 2021
The Honorable Daniel Marichalar, Constable Hidalgo County Precinct No. 5	MFR for July 2021 through October 2021
Mr. Eduardo Olivarez, Director Hidalgo County Department of Health and Human Services	Environmental Health Division MFR for July 2021 through October 2021
The Hon. Eduardo Cantu, Commissioner Precinct No. 2	San. Program MFR for July 2021 through October 2021

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, 206TH D.C.
 MARLA CUELLAR JUDGE, 275TH D.C.
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 ISRAEL RAMON, JR. JUDGE, 430TH D.C.
 RENEE R. BETANCOURT JUDGE, 449TH D.C.
 JOSE "JOE" RAMIREZ JUDGE, 464TH D.C.

The Honorable Lazaro Gallardo, Constable Hidalgo County Precinct No. 3	MFR for August 2021 through October 2021
The Honorable David L. Fuentes, Commissioner Hidalgo County Precinct No. 1	Sanitation Program MFR for August 2021 and September 2021
The Honorable Martin Cantu, Constable Hidalgo County Precinct No. 2	MFR for September 2021 and October 2021
The Honorable Atanacio Gaitan Jr, Constable Hidalgo County Precinct No. 4	MFR for September 2021 and October 2021
The Hon. Ricardo Rodriguez, Jr., Criminal District Attorney Hidalgo County Office of the Criminal District Attorney	Forensic Center MFR for July 2021 and August 2021
The Honorable Everardo Villarreal, Commissioner Hidalgo County Precinct No. 3	Sanitation Program MFR for July 2021 through September 2021
The Honorable Ellie Torres, Commissioner Hidalgo County Precinct No. 4	Sanitation Program MFR for April 2021 through August 2021
Mr. Homero Garza, Fire Marshal Hidalgo County Fire Marshal's Office	MFR for July 2021 through September 2021
Ms. Angie Chapa, Law Librarian Hidalgo County Law Library	MFR for June 2021 through October 2021
The Honorable Everardo Villarreal, Commissioner Hidalgo County Precinct No. 3	Anzalduas Park MFR for September 2021
Mr. T.J. Arredondo, Director Hidalgo County Planning Department	MFR for September 2021 and October 2021
Ms. Yvonne Ramon, Elections Administrator	Monthly Fees Report for September 2021
Ms. Yvonne Ramon, Elections Administrator	Monthly Fees Report for October 2021
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Hidalgo County Tax Collected Reports for August 2021
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Hidalgo County Tax Collected Reports for September 2021
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Hidalgo County Tax Collected Reports for October 2021
The Hon. Arturo Guajardo, Jr., Hidalgo County Clerk	Fee Monthly Report for April 2021 through June 2021
The Hon. Gilberto Saenz, Justice of the Peace Pct. 1 Pl. 1	Monthly Fines and Fees Reports for July 2021 through September 2021
The Hon. Jesus Morales, Justice of the Peace Pct. 1 Pl. 2	Monthly Fines and Fees Reports for April 2021 through June 2021
The Hon. Jesus Morales, Justice of the Peace Pct. 1 Pl. 2	Monthly Fines and Fees Reports for July 2021 through September 2021
The Hon. Bobby Contreras, Justice of the Peace Pct. 2 Pl.1	Monthly Fines and Fees Reports for April 2021 through June 2021
The Hon. Bobby Contreras, Justice of the Peace Pct. 2 Pl.1	Monthly Fines and Fees Reports for July 2021 through September 2021
The Hon. Jaime J. Munoz, Justice of the Peace Pct. 2 Pl. 2	Monthly Fines and Fees Reports for April 2021 through June 2021
The Hon. Jaime J. Munoz, Justice of the Peace Pct. 2 Pl. 2	Monthly Fines and Fees Reports for July 2021 through September 2021
The Hon. Sonia "Dr." Trevino, Justice of the Peace Pct. 3 Pl. 1	Monthly Fines and Fees Reports for April 2021 through June 2021
The Hon. Sonia "Dr." Trevino, Justice of the Peace Pct. 3 Pl. 1	Monthly Fines and Fees Reports for July 2021 through September 2021
The Hon. Juan "J.J." Pena, Justice of the Peace Pct. 3 Pl. 2	Monthly Fines and Fees Reports for April 2021 through June 2021
The Hon. Juan "J.J." Pena, Justice of the Peace Pct. 3 Pl. 2	Monthly Fines and Fees Reports for July 2021 through September 2021

HIDALGO COUNTY DISTRICT JUDGES

The Hon. Charlie Espinoza, Justice of the Peace Pct. 4 Pl. 1	Monthly Fines and Fees Reports for April 2021 through June 2021
The Hon. Charlie Espinoza, Justice of the Peace Pct. 4 Pl. 1	Monthly Fines and Fees Reports for July 2021 through September 2021
The Hon. Homero A. Jasso, Justice of the Peace Pct.4 Pl. 2	Monthly Fines and Fees Reports for April 2021 through June 2021
The Hon. Jason Pena, Justice of the Peace Pct. 5, Pl. 1	Monthly Fines and Fees Reports for April 2021 through June 2021
The Hon. Jason Pena, Justice of the Peace Pct. 5, Pl. 1	Monthly Fines and Fees Reports for July 2021 through September 2021
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Special Inventory Financial Statements for January 2021 through June 2021
The Hon. Arturo Guajardo, Jr., Hidalgo County Clerk	Collections Department Cash Count Report No. 2021-575
The Hon. Juan "J.J." Pena, Justice of the Peace Pct. 3 Pl. 2	Cash Count Report No. 2021-586
Mr. Eduardo Olivarez, Chief Administrative Officer Hidalgo County Health and Human Services Department	Pharr Health Clinic Cash Count Report No. 2021-568
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Mission Tax Office Cash Count Report No. 2021-573
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Pharr Motor Vehicle Substation Cash Count Report No. 2021-577

Respectfully,



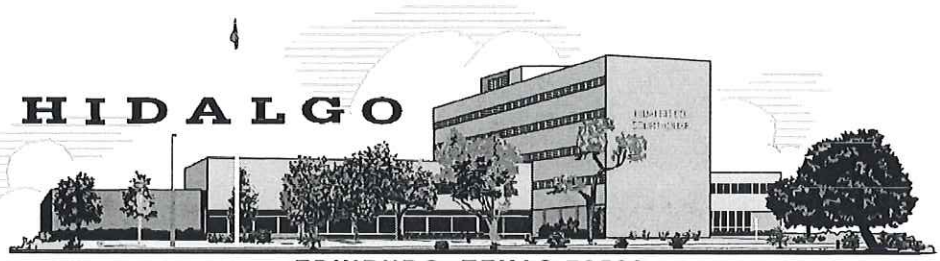
Maria Arcilia Duran, CPA
 Hidalgo County Auditor

Attachments

HIDALGO COUNTY DISTRICT JUDGES

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EDINBURG, TEXAS 78539

December 6, 2021

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

Re: H.B. 65 Financial Statements for June 2021 through August 2021

Dear Mr. Rodriquez:

We conducted a limited scope review of the H.B. 65 financial statements for the months ended June 30, 2021 through August 31, 2021 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 Carlos Alvarez, Internal Auditor I, at 318-2511 ext. 4667, 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
Ms. Rosalinda Cantu, Assistant Chief of Staff II, District Attorney's Office



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

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December 30, 2021

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

Re: Chapter 59 Asset Forfeiture Audit Report for FYE 8-31-2021
Audit No. 2021-57

Dear Mr. Rodriguez:

We have completed an audit of the "Chapter 59 Asset Forfeiture Audit Report by Attorney Representing the State" (Asset Forfeiture Report) for the fiscal year ended August 31, 2021 pursuant to Code of Criminal Procedure § 59.06 (g)(1) and Local Government Code §115.001 and § 115.0035. The objective of the audit was to determine if Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported.

Executive Summary:

Based on the results of the audit, we determined that generally Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported; however, we noted the following:

- Not all CD's were opened by the Law Enforcement Agencies (LEAs) within 72 hours pursuant to CCP § 59.03 (c).
- Not all cases were filed by the District Attorney's Office prior to the 30th day after the date of the seizure pursuant to CCP § 59.04 (a) & (b).
- Not all LEAs sent the District Attorney's portion of auction proceeds to Hidalgo County as required by the local agreements.

Background:

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

For the fiscal year ended August 31, 2021, the District Attorney's Office had no Chapter 59 seizures. However, the District Attorney's Office was awarded (forfeited) funds totaling \$333,708.03.

Pursuant to CCP § 59.03 (c), a peace officer having custody of property must provide to the District Attorney a sworn statement that contains a schedule of the property seized, an acknowledgment that the officer has seized the property, and a list of the officer's reasons for the seizure. In addition, "not later than 72 hours after the seizure, the peace officer shall: (1) place the property under seal; (2) remove the property to a place ordered by

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JUDGE, 464th D.C.

the court; or (3) require a law enforcement agency of the state or a political subdivision to take custody of the property and move it to a proper location.”

Pursuant to CCP § 59.04 (a) & (b), the District Attorney must commence forfeiture proceedings by filing a notice of the seizure and intended forfeiture (petition) with the District Clerk’s Office not later than the 30th day after the date of the seizure. Failure to file the petitions within 30 days after the date of seizure may result in the case being dismissed.

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

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

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

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

Pursuant to CCP § 59.06 (b), the District Attorney’s Office entered into local agreements with the following LEAs: Cities of Alamo, Alton, Donna, Edcouch, Edinburg, Elsa, La Villa, La Joya, McAllen, Mercedes, Mission, Palmview, Palmhurst, Peñitas, Pharr, Progreso, Hidalgo, Weslaco, San Juan, and Sullivan City; Hidalgo County Constable Precincts 1, 2, 3, 4, and 5, Hidalgo County Sheriff’s Office, Cameron County Sheriff’s Office, Texas Alcohol and Beverage Commission, University of Texas Rio Grande Valley Police Department, Hidalgo County HIDTA Task Force (HIDTA), and Texas Department of Public Safety (DPS).

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

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

Pursuant to the local agreement between the District Attorney and HIDTA, auction proceeds forfeited to the State Attorney and HIDTA shall be paid 100% to HIDTA.

In addition, pursuant to the local agreements, the LEAs are responsible for paying all court costs, attorney ad-litem fees, depositions, title searches, title policies, confidential informants, and all other related costs in the

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forfeitures of vehicles and all other personal property. Furthermore, money and property shall be considered forfeited to the State once a forfeiture judgment has become final and no motion for new trial or notice of appeal has been taken. Texas Rule of Appellate Procedure No. 26.1 states that a notice of appeal must be filed within 30 days after the judgment is signed, with a few enumerated exceptions.

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

District Attorney's Procedures:

The District Attorney's Office requires LEAs to deposit seized currency into a certificate of deposit (CD) at the county depository under the name of the District Attorney's Office pending final disposition of the case. Seized personal property is maintained under the LEAs custody pending final disposition of the case. The LEA must provide the District Attorney's Office with a copy of the CD and receipt, if applicable, a sworn statement containing a schedule of the property seized, an acknowledgment that the officer seized the property, and a list of the officer's reasons for the seizure. On an annual basis, a formal request is made by the District Attorney's Office to all LEAs that all seized cash be deposited in a Certificate of Deposit (CD) at the County's financial institution no later than the 72 hours followed by filing proceedings not later than the 30th day after the date of the seizure.

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

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

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

On an annual basis, a formal request is made by the District Attorney's Office to all LEAs requesting that the District Attorney's portion of any auction proceeds, for assets maintained and sold to by the LEA, be forwarded to the County Treasurer's Office within 30 days of the auction.

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Scope and Methodology:

The scope of the audit was limited to a review of all seized currency and property for which a law enforcement agent's affidavit was made available to the County Auditor's Office for review and all forfeited currency and property for which a final judgment was rendered for the fiscal year ended August 31, 2021.

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 improvement could be made.

In conducting the audit, the following procedures were performed:

1. Verified that all Chapter 59 revenues (i.e., cash forfeitures, proceeds received from the sale of forfeited property, and interest) recorded in *Alio*, the County's financial accounting system, were included on the Asset Forfeiture Report.
2. Verified that all Chapter 59 expenditures recorded in *Alio* were included on the Asset Forfeiture Report and made solely for official purposes of the District Attorney's Office.
3. Generated "Case Index" (Petition/Seizures/Forfeitures) reports for the fiscal year ended August 31, 2021 from *Odyssey*, the County's justice information system, to determine if all seizures and forfeitures were reported on the Asset Forfeiture Report.
4. Sent confirmation letters to 23 LEAs that were identified in the "Case Index-Active" and "Case Index-Inactive" reports as having Chapter 59 seizures to determine if the seized and forfeited vehicles, real property, other items, and/or currency reported by the District Attorney's Office on the Asset Forfeiture Report agreed to those confirmed by the LEAs.
5. Compared the list of CDs held by the county depository related to Chapter 59 on behalf of the District Attorney's Office to the District Attorney's HB 65 financial statements as of August 31, 2021 to determine if all CDs were properly accounted by the District Attorney's Office.
6. Reviewed judgments, checks issued, "District Attorney Accounting Control Sheet," and county depository bank statements to determine if court costs in forfeitures to the state for amounts greater than \$2,500 were paid to the District Clerk's Office pursuant to CCP § 59.05 (f).
7. Obtained a list of District Attorney's Office vehicles and property to determine if the list agreed to the County Auditor's Office list of seized and forfeited assets.
8. Reviewed cases, judgments, and checks issued by the District Attorney's Office to determine if forfeited funds were disbursed after the forfeited judgment became final (30 days after the judgment was signed) pursuant to the Texas Rule of Appellate Procedure No. 26.1.
9. Reviewed the affidavits prepared by the seizing officers and the CD receipts to determine if the CDs for the seized cash were opened in the amount noted on the affidavits within 72 hours of the seizure. In addition, we verified if the seized amounts noted on the petitions filed by the District Attorney's Office agreed to the CD amounts and the seizing officers' affidavits.
10. Reviewed schedules of filed cases generated from *Odyssey* to determine if petitions were filed by the District Attorney's Office no later than the 30th day after the date of the seizure pursuant to CCP § 59.04 (a) & (b).
11. Reviewed *Alio* revenue reports and confirmation letters received from 11 of 23 LEAs to determine if forfeited vehicles were sold through auction and if the District Attorney's portion of the auction proceeds were sent to the County Treasurer's Office.

Conclusion:

Based on the results of the audit, we determined that generally Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported, as noted on observations 1 through 8. However, improvements could be made to the system of internal controls for the accounting and reporting of Chapter 59 seizures, forfeitures, receipts, and expenditures to address observations 9 through 11.

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.

HIDALGO COUNTY DISTRICT JUDGES

1. All Chapter 59 revenues recorded in *Alio* and required to be reported were included on the Asset Forfeiture Report.
2. All Chapter 59 expenditures recorded in *Alio* were included on the Asset Forfeiture Report and made solely for official purposes of the District Attorney's Office.
3. All seized and forfeited assets listed on the "Case Index" (Petition/Seizures/Forfeitures) reports for the District Attorney's Office were included on the Asset Forfeiture Report.
4. 11 LEAs responded to the confirmation request (Mission PD, Mercedes PD, Penitas PD, Elsa PD, Alton PD, Alamo PD, Pharr PD, Weslaco PD, Edinburg PD, McAllen ISD PD, and PSJA ISD PD). All LEAs confirmed the same number of seized and/or forfeited vehicles, property, and/or currency as those reported by the District Attorney's Office on the Asset Forfeiture Report.
5. There were 144 CDs totaling \$3,826,558.21 held as of August 31, 2021 at the county depository. All 144 CDs were properly accounted by the District Attorney's Office on the financial statements.
6. There were 190 judgments that included cash disbursements during the period of review. Of the 190 judgments:
 - 62 judgments were for amounts greater than \$2,500.00. Court costs were paid to the District Clerk's Office pursuant to CCP §59.05 (f).
 - 98 judgments were for amounts less than \$2,500.00 and court costs were not paid to the District Clerk's Office pursuant to CCP §59.05 (f).
 - 30 judgments were for amounts greater than \$2,500; however, according to the judgment court costs were to be paid by the respondent.
7. All vehicles and property on the District Attorney's Office list of property held were on the list of seized and forfeited assets maintained by the County Auditor's Office.
8. All 190 judgments were disbursed after the forfeited judgment became final.
9. 108 CDs were opened for the cash seizures made by LEAs and the District Attorney's Office during the period of review. Of the 108 CDs:
 - All the petitions filed by the District Attorney's Office were in the amount of the CDs and the seizing officer's affidavit.
 - 41 CDs were opened within 72 hours of seizure as required by CCP § 59.03 (c).
 - 67 CDs were not opened within 72 hours of seizure. The CDs were opened 1 to 29 days late.
10. There were 203 petitions filed by the District Attorney's Office during the period of review. 197 petitions were filed within 30 days after the date of seizure as required by CCP § 59.04 (a) & (b). 6 out of 203 petitions were not filed within 30 days.
11. Of the 11 confirmation letters received:
 - 1 LEA (Pharr PD) confirmed proceeds totaling, \$19,624.90 had been received from the auction of forfeited property during the period of review. The portion belonging to the District Attorney's Office was forwarded to the County Treasurer's Office.
 - 2 LEAs (Alton PD and Mission PD) confirmed that auctions were held during the reporting period. According to staff, the auction proceeds were recently received at the District Attorney's Office.
 - 2 LEAs (Mercedes PD and Penitas PD) confirmed that auctions were held during the reporting period; however, the proceeds had not been forwarded to the District Attorney's Office.
 - 6 LEAs (Alamo PD, Elsa PD, Weslaco PD, PSJA ISD PD, McAllen ISD PD, and Edinburg PD) confirmed that no auctions were held during the scope of our review.

Recommendations:

HIDALGO COUNTY DISTRICT JUDGES

In our opinion, the issues identified during the audit could be addressed by developing and implementing formal policies and procedures to ensure that:

1. Law Enforcement Agencies are notified that CD must be opened within 72 hours of seizure; and
2. Petitions are filed on or before the 30th day after the date of the seizure as required by CCP § 59.03 (c) and CCP § 59.04 (a) & (b).

In addition, management should coordinate with the 2 LEAs to ensure that the auction proceeds belonging to the District Attorney's Office are immediately forwarded to the County Treasurer's Office.

Please provide management responses to finding 9 through 11 noted in the conclusion section of the report by January 14, 2022.

If you have any questions or would like to schedule a meeting to discuss the above noted recommendations, contact Carlos Alvarez, Internal Auditor I, at 318-2511 ext. 4667, 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,



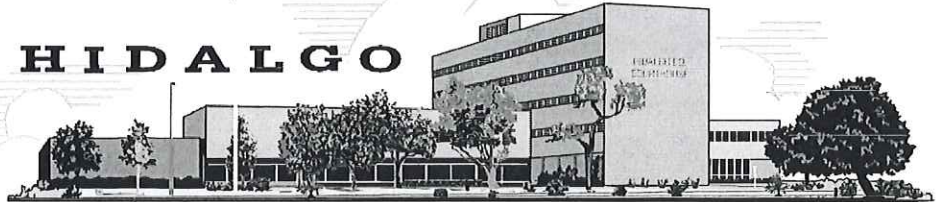
Maria Arcilia Duran, CPA
Hidalgo County Auditor

Cc: The Honorable Richard Cortez, County Judge
The Honorable David L. Fuentes, Commissioner Precinct 1
The Honorable Eddie Cantu, Commissioner Precinct 2
The Honorable Everardo Villarreal, Commissioner Precinct 3
The Honorable Ellie Torres, Commissioner Precinct 4
Mr. Kent Richardson, Assistant Attorney General

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 6, 2021

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

Re: HIDTA Financial Statement for June 2021 through August 2021

Dear Mr. Rodriguez:

We conducted a limited scope review of the HIDTA financial statements for the months ended June 30, 2021 through August 31, 2021 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 Carlos Alvarez, Internal Auditor I, at 318-2511 ext. 4667, 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
Ms. Rosalinda Cantu, Assistant Chief of Staff II, District Attorney's Office

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, 206th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

HOE GONZALEZ
JUDGE, 370th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 383rd D.C.

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

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

REHEE R. BETANCOURT
JUDGE, 448th D.C.

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

COUNTY of HIDALGO

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Hidalgo County Administration Building
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Edinburg, Texas 78539-6243
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FAX: (956) 318-2577
WEBSITE: www.co.hidalgo.tx.us/auditor



October 22, 2021

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

Re: September 2021 DTA Payment Request Report No. 2021-60

Dear Mr. Villarreal:

We completed a limited scope review of the September 2021 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 results of the review revealed that the payment request was generally accurate and properly authorized. We will proceed to process the September 2021 DTA payment request in the amount of \$228,879.64 to LGBS.

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 September 30, 2021. 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 September 2021."
- 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.



HIDALGO COUNTY DISTRICT JUDGES

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

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JUDGE, 97TH D.C.

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JUDGE, 139TH D.C.

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

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JUDGE, 332ND D.C.

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JUDGE, 379TH D.C.
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JUDGE, 398TH D.C.

ISRAEL RAMON, JR.
JUDGE, 400TH D.C.

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

JOSE "JOE" RAMIREZ
JUDGE, 444TH D.C.

Based on the review, 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 September 2021."
- Although DTA fees for 198 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 (194 tax accounts) and small amounts collected (4 tax accounts) (see Exhibit A).
- The total amount of DTA fees collected on the "Hidalgo County Tax Office Collection Reports" agreed to the amount transferred to the Hidalgo County Treasurer's Office.

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.

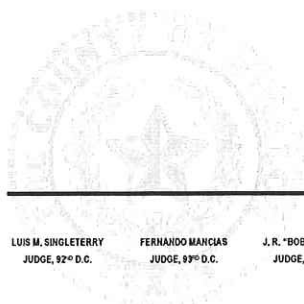
Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

Enclosure: Exhibit A

cc: Ms. Lucy Canales, Linebarger Goggan Blair & Sampson, LLP
Mr. Valde Guerra, County Executive Officer
Ms. Eva Mireles, Chief Deputy, Hidalgo County Tax Office



HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 448th D.C.

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
1	1	2020	L032000000000400	0.24	0.05	0.29	0.04
2	1	2019	T500002000007400	46.75	11.14	57.89	8.28
3	1	2019	B190014000002000	38.05	9.96	48.01	6.96
4	1	2019	B190014000002000	38.05	9.96	48.01	6.96
5	1	2018	T475001000000800	135.32	39.03	174.35	23.95
6	1	2018	L025000010000000	89.04	29.3	118.34	16.69
7	1	2018	G145000000000700	56.74	18.68	75.42	10.64
8	1	2018	J522000000003800	23.11	7.62	30.73	4.34
9	1	2018	C733000002000100	11.71	3.71	15.42	2.16
10	1	2017	L106902000006100	343.82	120.33	464.15	61.89
11	1	2017	W010000052000327	38.91	18.16	57.07	8.17
12	1	2017	C470000013001000	12.76	5.28	18.04	2.51
13	1	2017	J522000000003800	11.62	5.22	16.84	2.39
14	1	2017	C470000013001000	7.81	3.21	11.02	1.54
15	1	2016	S606500000000300	80.45	40.62	121.07	16.65
16	1	2016	E330000281000305	79.28	40.5	119.78	16.53
17	1	2016	O30000700G000000	63.29	27.17	90.46	11.87
18	1	2016	L136500000015400	54.57	26.62	81.19	11.06
19	1	2016	T220000008001814	30.72	14.8	45.52	6.17
20	1	2016	S477000000019500	22.59	12.59	35.18	4.98
21	1	2016	R297701000006100	19.25	7.78	27.03	3.43
22	1	2016	C180000035002000	12.83	6.77	19.6	2.73
23	1	2016	T610000001000200	7.41	3.14	10.55	1.38
24	1	2015	C180000035002000	144	93.36	237.36	33.26
25	1	2015	C180000035002000	73.09	47.08	120.17	16.88
26	1	2015	W380000529000002	46.32	31.39	77.71	11.05
27	1	2015	T220000008001814	44.26	26.63	70.89	9.69
28	1	2015	H47000000P000006	38.67	26.42	65.09	9.28
29	1	2015	C470000013001100	28.09	18.37	46.46	6.53
30	1	2015	C030000196002300	22.04	11.26	33.3	4.2
31	1	2015	C470000013001100	17.21	11.19	28.4	4
32	1	2015	M685000000000600	19.47	9.82	29.29	3.65
33	1	2015	S295000000036825	17.7	9.03	26.73	3.37
34	1	2015	W230000058000700	8.89	4.54	13.43	1.69
35	1	2015	A036004000005700	1.21	0.59	1.8	0.22
36	1	2015	C180000035002000	-73.09	-47.08	-120.17	-16.88
37	1	2014	B190014000003800	164.86	102.34	267.2	33.63
38	1	2014	T120000003001400	152.51	88.59	241.1	28.37
39	1	2014	C180000035002000	71.01	54.27	125.28	17.68
40	1	2014	S295000000036825	80.57	50.83	131.4	16.8
41	1	2014	T120000003001400	76.2	44.26	120.46	14.17
42	1	2014	T120000003001400	76.2	44.26	120.46	14.17
43	1	2014	C600001011000400	36.43	21.64	58.07	6.99
44	1	2014	T110001000000600	20.1	11.4	31.5	3.62
45	1	2014	B190031000003400	9.71	6.16	15.87	2.04
46	1	2014	B395002000001800	0.49	0.31	0.8	0.1
47	1	2014	T120000003001400	-76.2	-44.26	-120.46	-14.17

48	1	2014	C180000035002000	-71.01	-54.27	-125.28	-17.68
49	1	2013	L670000003000400	40.37	34.68	75.05	10.47
50	1	2013	H284000000016500	7.64	5.18	12.82	1.48
51	1	2012	P536500000002400	428.22	341.5	769.72	90.57
52	1	2012	M594202000012800	178.19	133.79	311.98	33.95
53	1	2012	T010001001000900	32.38	24.42	56.8	6.22
54	1	2012	J183901000001700	21.09	15.62	36.71	3.92
55	1	2012	N861301000009900	18.31	14.11	32.42	3.65
56	1	2012	C740000002001200	10.61	8.7	19.31	2.36
57	1	2012	F463002000000800	9	7.06	16.06	1.85
58	1	2011	S531000002001100	263.95	240.41	504.36	59.78
59	1	2011	C733000003000900	203.92	183.02	386.94	44.96
60	1	2011	S053000000000700	71.51	58.46	129.97	13.19
61	1	2011	U300001000004400	63.64	55.21	118.85	13.17
62	1	2011	S325500000003200	30.09	30.11	60.2	8.03
63	1	2011	K240000000007305	32.69	26.72	59.41	6.03
64	1	2011	V380002010000500	14.96	16.18	31.14	4.35
65	1	2011	T570000002000100	18.53	17.12	35.65	4.31
66	1	2011	C5050000000009715	18.83	15.83	34.66	3.67
67	1	2011	C535300000007900	18.54	15.29	33.83	3.48
68	1	2011	G590098004000101	15.05	12.86	27.91	3.03
69	1	2010	S531000002001100	263.95	272.09	536.04	64.54
70	1	2010	R021502000006500	76.85	81.52	158.37	19.83
71	1	2010	P550000002001500	92.54	85.82	178.36	18.32
72	1	2010	G910000008001300	86.79	79.63	166.42	16.79
73	1	2010	C687000000003300	36.85	36.27	73.12	8.24
74	1	2010	R026300000001100	42.09	38.76	80.85	8.21
75	1	2010	B158504000009200	31.51	29.23	60.74	6.24
76	1	2010	V380002010000500	8.87	10.66	19.53	2.74
77	1	2009	S531000002001100	263.95	303.76	567.71	69.29
78	1	2009	P934000000002700	108.14	106.43	214.57	20.28
79	1	2009	P320002008000400	47.17	58.7	105.87	14.37
80	1	2009	L245000000004100	46.76	53.33	100.09	12.06
81	1	2009	B158003005000600	30.63	32.8	63.43	6.94
82	1	2009	G910000008001300	27.66	28.7	56.36	5.85
83	1	2009	W010000035000510	13.7	13.39	27.09	2.53
84	1	2009	N580000004001500	6.13	6.26	12.39	1.25
85	1	2008	1004100010000006	124.68	131.85	256.53	23.01
86	1	2008	N860000005003600	87.69	92.44	180.13	16.05
87	1	2008	E431000000009000	48.83	66.62	115.45	15.75
88	1	2008	S170002021001020	36.72	54.44	91.16	13.05
89	1	2008	K240000000005901	47.74	52.72	100.46	9.81
90	1	2008	M167002000001600	28.71	32.16	60.87	6.11
91	1	2008	L672500000014000	13.75	16.96	30.71	3.63
92	1	2008	H350000005000100	17.39	18.45	35.84	3.23
93	1	2008	B190016000000200	14.59	16.55	31.14	3.2
94	1	2008	P510000002000700	14.99	16.51	31.5	3.06
95	1	2008	B156007000004400	13.53	14.27	27.8	2.48
96	1	2008	B505000015001100	6.72	7.28	14	1.32
97	1	2007	N325000000001400	34.03	46.76	80.79	9.9
98	1	2007	R182000003000400	39.21	47.88	87.09	8.71

99	1	2007	H365003000001100	23.34	28.03	51.37	4.97
100	1	2007	A413500000000100	12.98	14.71	27.69	2.39
101	1	2007	P927901000007000	6.59	8.99	15.58	1.89
102	1	2007	M475000002001600	2.96	3.57	6.53	0.64
103	1	2006	R46000200A001400	173.36	210.34	383.7	31.98
104	1	2006	R284805000001000	80.74	137.2	217.94	31.13
105	1	2006	E310000036001600	13.27	16.64	29.91	2.67
106	1	2006	M215000003000300	13.85	16.86	30.71	2.56
107	1	2006	S245000000001200	7.71	10.63	18.34	1.98
108	1	2006	V434010000000400	3.37	4.41	7.78	0.76
109	1	2005	V434010000000400	180.03	256.4	436.43	43.48
110	1	2005	W380000238000005	24.36	36.46	60.82	6.68
111	1	2005	S100000002003000	19.24	30.4	49.64	6
112	1	2005	S100000002003000	14.42	22.8	37.22	4.5
113	1	2005	L685000000001200	15.74	23.79	39.53	4.41
114	1	2005	A080000000114900	15.46	22.93	38.39	4.15
115	1	2005	W230000052000300	8.4	13.35	21.75	2.65
116	1	2005	E540000026002500	5.61	8.28	13.89	1.49
117	1	2005	R225001003001900	2.37	4.01	6.38	0.85
118	1	2005	R225001003001900	2.38	4.01	6.39	0.85
119	1	2005	H510000001000100	2.94	4.36	7.3	0.79
120	1	2005	L181000000028500	0.69	1.04	1.73	0.19
121	1	2004	S531000002001100	158.93	278.27	437.2	56.02
122	1	2004	C211000000000600	36.46	62.51	98.97	12.25
123	1	2004	M190001000003200	25.1	35.56	60.66	5.08
124	1	2004	B496504000032900	7.93	13.92	21.85	2.81
125	1	2004	R470000013000100	10.54	15.34	25.88	2.32
126	1	2004	S725002008000200	3.58	5.73	9.31	1.02
127	1	2004	E540000029000500	2.52	3.45	5.97	0.46
128	1	2003	P550000002001500	167.04	295.25	462.29	54.12
129	1	2003	R46000200A001400	69.87	109.93	179.8	16.66
130	1	2003	B157000000003200	78.37	117.36	195.73	15.87
131	1	2003	M703000000004100	49.97	74.82	124.79	10.12
132	1	2003	C211000000005900	35.08	55.7	90.78	8.53
133	1	2003	E750000000002900	21.72	38.04	59.76	6.88
134	1	2003	G040000006000100	9.58	17.41	26.99	3.32
135	1	2003	B505000015000600	7.61	11.39	19	1.54
136	1	2003	W010000044001052	6.91	10.35	17.26	1.4
137	1	2003	V434900000000900	3.09	6.31	9.4	1.34
138	1	2003	B505000015000600	3.93	5.88	9.81	0.8
139	1	2002	R46000200A001400	141.52	239.65	381.17	36.3
140	1	2002	B010000016000600	29.07	63.18	92.25	13.26
141	1	2002	C211000000005900	46.18	78.85	125.03	12.05
142	1	2002	G570000001002800	13.92	27.81	41.73	5.45
143	1	2002	B030000004001400	21.84	34.44	56.28	4.42
144	1	2002	G166002000001700	6.66	14.17	20.83	2.96
145	1	2002	W380000112000000	8.78	14.7	23.48	2.16
146	1	2002	C690000001000700	2.5	4.24	6.74	0.64
147	1	2001	E750000000002900	90.31	179.79	270.1	31.83
148	1	2001	R46000200A001400	111.96	203.03	314.99	30.73
149	1	2001	W240000003000900	60.9	110.69	171.59	16.72

150	1	2001	1004800000007635	87.66	141.18	228.84	15.91
151	1	2001	N340000000229500	51.99	94.49	146.48	14.27
152	1	2001	H495000004000300	20.18	45.35	65.53	9.33
153	1	2001	D290000000001300	37.14	60.07	97.21	6.85
154	1	2001	C715002009000900	20.74	36.86	57.6	5.32
155	1	2001	D290000000001300	23.87	38.63	62.5	4.41
156	1	2000	R46000200A001400	107.91	208.62	316.53	31.56
157	1	2000	B157000000003200	44.35	82.39	126.74	11.38
158	1	2000	R170000000011400	18.27	34.65	52.92	5.01
159	1	2000	D290000000001300	16.8	29.2	46	3.4
160	1	2000	D380001000003500	4.16	9.3	13.46	1.77
161	1	2000	D380001000003500	4.16	9.3	13.46	1.77
162	1	2000	D290000000001300	6	10.43	16.43	1.22
163	1	1999	R46000200A001400	49.25	101.13	150.38	15.29
164	1	1999	R385000003000700	7.62	16.59	24.21	2.78
165	1	1998	P550000002001500	153.77	364.05	517.82	63.66
166	1	1998	E810000007000800	21.52	46.83	68.35	7.06
167	1	1998	S165000000001600	7.06	14.18	21.24	1.78
168	1	1997	P550000002001500	155.28	386.27	541.55	67.08
169	1	1997	E540000022004100	75.74	199.76	275.5	37.83
170	1	1997	E810000007001000	17.71	39.27	56.98	5.5
171	1	1997	W010000030000728	8.82	22.53	31.35	4.08
172	1	1997	S445000001002300	7.83	17.68	25.51	2.57
173	1	1996	P550000002001500	140.59	366.59	507.18	63.27
174	1	1996	E540000002002100	19.19	44.85	64.04	6.3
175	1	1996	E540000022004100	7.49	20.65	28.14	3.88
176	1	1996	L473500003002300	8.56	21.65	30.21	3.55
177	1	1995	P550000002001500	134.73	367.48	502.21	63.05
178	1	1995	A080098000111600	14.2	42.54	56.74	8.2
179	1	1994	C120002000002600	4.19	11.29	15.48	1.75
180	1	1994	C295002000006700	3.69	10.29	13.98	1.71
181	1	1994	C980000002000230	-8.82	-24.3	-33.12	-4.07
182	1	1992	P550000002001500	72.18	222.86	295.04	37.68
183	1	1992	A080000000114909	12.37	38.36	50.73	6.54
184	1	1989	E484000000001400	5.13	16.15	21.28	2.27
185	12	1998	P550000002001500	6.71	15.89	22.6	2.78
186	12	1997	P550000002001500	7.52	18.71	26.23	3.25
187	12	1997	W010000030000728	0.43	1.08	1.51	0.2
188	12	1996	P550000002001500	7.55	19.69	27.24	3.4
189	12	1996	L473500003002300	0.45	1.17	1.62	0.19
190	12	1995	P550000002001500	7.55	20.6	28.15	3.53
191	12	1992	P550000002001500	3.61	11.15	14.76	1.88
192	1	2017	P100003000026300	16.3	6.94	23.24	3.25
193	1	2016	P100003000026300	46.83	25.56	72.39	10.19
194	1	2006	E540000045000300	3.91	5.94	9.85	1.25
195	1	2020	A267000000002800	0.14	0.03	0.17	0.02
196	1	2019	L170302000001700	0.32	0.11	0.43	0.07
197	1	2019	M355099043000115	0.37	0.13	0.5	0.07
198	1	2019	M355099043000115	0.38	0.12	0.5	0.07

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 1, 2021

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

Re: October 2021 DTA Payment Request Report No. 2021-63

Dear Mr. Villarreal:

We completed a limited scope review of the October 2021 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 results of the review revealed that the payment request was generally accurate and properly authorized. We will proceed to process the October 2021 DTA payment request in the amount of \$157,524.53 to LGBS.

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, 2021. 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 2021."
- 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.



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 97 TH 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, 378 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 448 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.
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Based on the review, 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 2021."
- Although DTA fees for 189 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 (186 tax accounts) and small amounts collected (3 tax accounts) (see Exhibit A). The small amounts collected on the tax accounts resulted in a net shortage of \$0.01.
- The total amount of DTA fees collected on the "Hidalgo County Tax Office Collection Reports" agreed to the amount transferred to the Hidalgo County Treasurer's Office.

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.

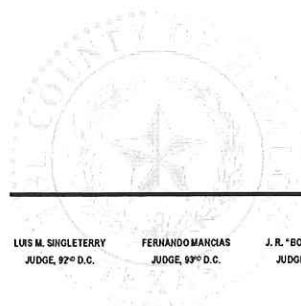
Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

Enclosure: Exhibit A

cc: Ms. Lucy Canales, Linebarger Goggan Blair & Sampson, LLP
Mr. Valde Guerra, County Executive Officer
Ms. Eva Mireles, Chief Deputy, Hidalgo County Tax Office



HIDALGO COUNTY DISTRICT JUDGES

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

BERNARDO MANCIAS
JUDGE, 93RD D.C.

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

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 378TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
1	1	2020	A02000000000400	0.63	0.14	0.77	0.11
2	1	2019	T50000200007400	46.62	11.3	57.92	8.25
3	1	2019	B19001400002000	37.95	10.08	48.03	6.94
4	1	2019	M355099043000115	-0.38	-0.12	-0.5	-0.07
5	1	2019	M355099043000115	-0.37	-0.13	-0.5	-0.07
6	1	2018	L025000010000000	46.86	15.62	62.48	8.79
7	1	2018	L025000010000000	39.68	13.23	52.91	7.44
8	1	2018	J522000000003800	35.26	11.75	47.01	6.61
9	1	2017	W010000052000327	38.81	18.27	57.08	8.15
10	1	2017	T525002018003900	18.69	8.25	26.94	3.78
11	1	2017	V380002010001000	10.11	3.93	14.04	1.91
12	1	2017	C470000013001000	7.7	3.21	10.91	1.51
13	1	2017	L025000010000000	6.53	2.96	9.49	1.34
14	1	2016	C180000035002000	119.57	63.67	183.24	25.47
15	1	2016	E330000281000305	79.09	40.73	119.82	16.49
16	1	2016	O30000700G000000	63.13	27.37	90.5	11.84
17	1	2016	A280000000003000	36.02	20.44	56.46	8
18	1	2016	S477000000019500	15.03	8.43	23.46	3.31
19	1	2016	B505197000004300	2.25	1.23	3.48	0.49
20	1	2015	B156007000001300	134.69	68.47	203.16	25.25
21	1	2015	R095000000001600	117.74	68.58	186.32	25.07
22	1	2015	P670000008000300	125.4	64.16	189.56	23.7
23	1	2015	S295000000036825	115.14	59.3	174.44	21.93
24	1	2015	W380000529000002	46.22	31.52	77.74	11.03
25	1	2015	H47000000P000006	38.58	26.52	65.1	9.26
26	1	2015	C470000013001100	16.95	11.15	28.1	3.94
27	1	2015	W230000058000700	8.87	4.56	13.43	1.69
28	1	2014	B190031000003400	16.14	10.31	26.45	3.39
29	1	2014	L670000003000400	7.66	5.7	13.36	1.85
30	1	2013	L625501001008000	298.78	197.7	496.48	55.13
31	1	2013	T210000235000924	154.17	114.86	269.03	34.23
32	1	2013	R418000000000500	82.43	58.66	141.09	17.06
33	1	2013	E445000000000900	75.68	50.33	126.01	14.08
34	1	2013	L670000003000400	33.13	28.6	61.73	8.6
35	1	2013	T125002004005000	44.29	29.17	73.46	8.11
36	1	2013	H284000000016500	7.63	5.2	12.83	1.48
37	1	2012	H185000183000600	138.34	100.3	238.64	24.49
38	1	2012	A210000052000600	32.55	25.97	58.52	6.83
39	1	2012	N861301000009900	18.28	14.15	32.43	3.64
40	1	2012	W689601000002800	13.55	9.99	23.54	2.48
41	1	2012	A350000003000500	6.08	4.63	10.71	1.18
42	1	2012	T010001001000900	-32.38	-24.42	-56.8	-6.22
43	1	2011	P334597000012300	209.7	174.4	384.1	39.63
44	1	2011	H190000000000900	167.68	153.98	321.66	38.23
45	1	2011	P670000008000300	125.4	124.36	249.76	32.73
46	1	2011	C790000000000320	50.51	51.28	101.79	13.72
47	1	2011	S325500000003200	30.03	30.18	60.21	8.02
48	1	2011	V380002010000500	24.27	26.35	50.62	7.06
49	1	2011	K240000000007305	23.29	19.15	42.44	4.3

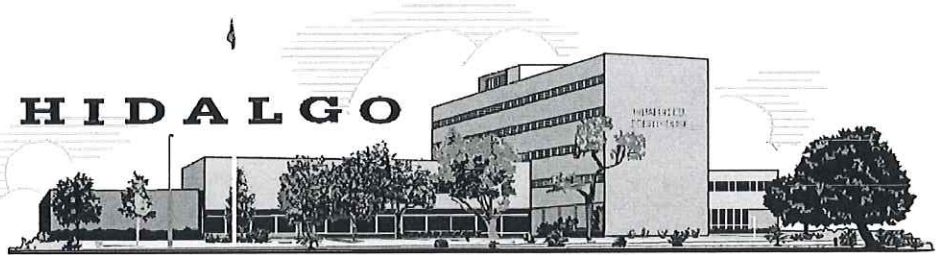
50	1	2011	T570000002000100	18.49	17.17	35.66	4.3
51	1	2011	S397503000026600	12.98	12.62	25.6	3.27
52	1	2011	B158504000009200	15.89	12.9	28.79	2.86
53	1	2010	H190000000000900	169.38	175.87	345.25	41.67
54	1	2010	P670000008000300	125.4	139.4	264.8	34.99
55	1	2010	S397503000026600	100.88	110.13	211.01	27.24
56	1	2010	L585000000002115	134.86	122.5	257.36	25.29
57	1	2010	M62500000K002600	37.64	41.23	78.87	10.22
58	1	2010	A210000050001500	51.05	46.35	97.4	9.57
59	1	2010	C687000000003300	36.79	36.35	73.14	8.22
60	1	2010	R026300000001100	42.01	38.86	80.87	8.19
61	1	2010	E431000000009000	24.21	27.3	51.51	6.93
62	1	2010	H302000000000700	25.56	23.05	48.61	4.72
63	1	2010	B158504000009200	16.77	15.62	32.39	3.32
64	1	2010	M059002000001100	14.21	13.46	27.67	2.92
65	1	2010	J570098005000205	5.04	6.45	11.49	1.65
66	1	2010	B158003005000600	7.71	7.35	15.06	1.61
67	1	2009	P670000008000300	125.4	154.45	279.85	37.24
68	1	2009	M62500000K002600	104.71	127.22	231.93	30.31
69	1	2009	L585000000002115	136.19	140.05	276.24	27.99
70	1	2009	P934000000002700	107.94	106.68	214.62	20.24
71	1	2009	E431000000009000	24.64	30.76	55.4	7.5
72	1	2009	B158003005000600	22.85	24.56	47.41	5.18
73	1	2009	L605000000026900	20.66	20.76	41.42	4.03
74	1	2009	N580000004001500	12.23	12.54	24.77	2.5
75	1	2008	M62500000K002600	106.01	141.52	247.53	32.6
76	1	2008	L585098000002101	104.55	120.06	224.61	23.37
77	1	2008	1004100010000006	97.47	103.48	200.95	17.98
78	1	2008	C005000000002302	24.49	33.83	58.32	8.04
79	1	2008	M305002003002400	32.23	36.58	68.81	7.01
80	1	2008	M167002000001600	28.65	32.23	60.88	6.1
81	1	2008	E330000124000300	12.37	17.82	30.19	4.25
82	1	2008	G130000001000200	14.49	16.02	30.51	2.96
83	1	2008	A370000016001800	7.42	9.26	16.68	1.99
84	1	2008	B156007000004400	10.27	10.87	21.14	1.88
85	1	2008	R182000003000400	8.42	9.3	17.72	1.72
86	1	2008	B505000015001100	6.7	7.29	13.99	1.32
87	1	2008	E431000000009000	3.84	5.26	9.1	1.24
88	1	2007	D680000034001600	154.56	205.83	360.39	41.73
89	1	2007	P670000008000300	124.2	182.78	306.98	41.36
90	1	2007	A413500000000100	155.19	177.17	332.36	28.63
91	1	2007	L585098000002101	112.01	139.83	251.84	26.72
92	1	2007	M62500000K002600	71.22	103.63	174.85	23.18
93	1	2007	W140000007000300	52.17	62.52	114.69	10.96
94	1	2007	E015700000009800	23.63	36.19	59.82	8.37
95	1	2007	H365003000001100	23.3	28.08	51.38	4.96
96	1	2007	M015000062000401	10.16	14.24	24.4	3.06
97	1	2007	M015000062000401	10.16	14.24	24.4	3.06
98	1	2007	R182000003000400	8.63	10.57	19.2	1.92
99	1	2007	M475000002001600	2.96	3.58	6.54	0.63
100	1	2007	S245000000001200	1.18	1.48	2.66	0.28

101	1	2007	R284805000001000	0.13	0.19	0.32	0.04
102	1	2006	D280000007000701	141.75	173.17	314.92	26.15
103	1	2006	R284805000001000	40.22	68.51	108.73	15.51
104	1	2006	C005000000002302	36.74	59.58	96.32	13.39
105	1	2006	S245000000001200	6.71	9.27	15.98	1.72
106	1	2006	E540000045000300	3.9	5.95	9.85	1.25
107	1	2005	P670000008000300	125.4	214.64	340.04	46.27
108	1	2005	D280000007000701	143.7	192.8	336.5	29.1
109	1	2005	E464200000005700	63.78	83.03	146.81	11.77
110	1	2005	S10000002003000	11.53	18.26	29.79	3.59
111	1	2005	W230000052000300	8.4	13.36	21.76	2.64
112	1	2005	L685000000001200	8.66	13.12	21.78	2.43
113	1	2005	R225001003001900	2.38	4.01	6.39	0.85
114	1	2005	H510000001000100	2.94	4.36	7.3	0.79
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123	1	2004	R470000013000100	10.52	15.37	25.89	2.32
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125	1	2003	P670000008000300	108.63	212.01	320.64	44
126	1	2003	D280000007000701	119.44	188.91	308.35	28.49
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128	1	2003	S245000000000800	55.17	82.84	138.01	11.17
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130	1	2003	B505000015000600	11.45	17.19	28.64	2.32
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132	1	2003	B030000004001400	7.67	11.2	18.87	1.41
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136	1	2002	P670000008000300	112.57	233.21	345.78	47.62
137	1	2002	D280000007000701	121.12	206.11	327.23	31.07
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142	1	2002	G570000001002800	13.9	27.86	41.76	5.45
143	1	2002	B030000004001400	21.6	34.16	55.76	4.37
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145	1	2002	G166002000001700	6.65	14.19	20.84	2.96
146	1	2001	P670000008000300	89.76	196.72	286.48	39.58
147	1	2001	D280000007000701	99.92	182.02	281.94	27.43
148	1	2001	P200000019001800	39.34	78.59	117.93	13.92
149	1	2001	H495000004000300	20.16	45.39	65.55	9.32
150	1	2001	D290000000001300	37.08	60.14	97.22	6.84
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155	1	2000	D280000007000701	116.43	226.07	342.5	34.06
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157	1	2000	S477000000006600	10.12	21.99	32.11	4.01
158	1	1999	D280000007000701	80.91	166.81	247.72	25.12
159	1	1999	S477000000006600	21.18	48.54	69.72	8.77
160	1	1999	P670000008000300	9.41	22.87	32.28	4.49
161	1	1999	T620000000001300	11.25	21.61	32.86	2.78
162	1	1998	D280000007000701	80.91	176.52	257.43	26.58
163	1	1998	E810000007000800	21.47	46.87	68.34	7.06
164	1	1997	D280000007000701	78.73	181.21	259.94	27.28
165	1	1997	W010000030000728	8.81	22.54	31.35	4.07
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167	1	1996	E540000002002100	23.95	56.1	80.05	7.87
168	1	1995	D280000007000701	68.32	173.65	241.97	26.13
169	1	1995	A080098000111600	7.09	21.28	28.37	4.1
170	1	1994	D280000007000701	63.42	168.81	232.23	25.4
171	1	1994	J570000006000212	16.63	44.27	60.9	6.66
172	1	1994	J570000001001034	12.33	31.05	43.38	4.14
173	1	1992	A080000000114909	12.35	38.37	50.72	6.54
174	1	1990	S448000000001500	45.37	142.5	187.87	21.43
175	1	1990	S367500001000700	9.92	34.93	44.85	6.38
176	1	1990	M703000000016900	2.08	6.16	8.24	0.81
177	1	1989	S448000000001500	37.14	121.14	158.28	18.22
178	1	1989	M703000000016900	25.65	78.97	104.62	10.47
179	1	1989	S367500001000700	1.95	7.1	9.05	1.29
180	12	1999	D280000007000701	1.97	4.07	6.04	0.61
181	12	1998	D280000007000701	3.53	7.7	11.23	1.16
182	12	1997	D280000007000701	3.81	8.77	12.58	1.32
183	12	1997	W010000030000728	0.42	1.08	1.5	0.2
184	12	1996	D280000007000701	3.83	9.27	13.1	1.4
185	12	1995	D280000007000701	3.83	9.73	13.56	1.47
186	12	1994	D280000007000701	3.06	8.15	11.21	1.23
187	1	2001	W010000031000205	10.29	22.6	32.89	4.56
188	1	2010	W380000255000016	50.18	46.08	96.26	9.63
189	1	2010	W380000255000016	43.9	40.32	84.22	8.43

COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

November 19, 2021

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

Re: Cash Count Report No. 2021-58

Dear Commissioner Cantu:

We conducted a surprise cash count of the cash held at the Precinct 2 Swimming Pool on August 6, 2021, 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 review of the observations identified in the cash count conducted on June 18, 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 cash on hand at the time of the cash count was \$64.89. 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 and the approved change fund of \$25.00 (Observation 1). In addition, we noted that the previous year's observations (Observations 2 through 4) were not addressed.

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:

At the time of the cash count, cash on hand did not reconcile to the total receipts issued. There was an overage totaling \$25.89. According to Precinct 2 staff, the amount over collected was due to the following:

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 93 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 119 th D.C.	ROSE GUERRA REYHA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 312 nd D.C.	NOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.
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- An overage of \$17.89 resulted from change left behind by the constituents. According to staff, guidance was requested from management; however, no guidance was provided as to how to proceed.
- \$8.00 was collected from the constituent in advance. The cash was kept in the lockbox and receipted when the constituent would use the swimming pool. According to staff, the money was collected in advance since they did not have enough change to give to the constituent. Management was not aware of this issue.

Only \$14.98 of the overage was deposited on September 8, 2021. Management could not provide an explanation as to why the remaining \$11.00 was not deposited.

The County Auditor's Office requires that cash receipts be deposited intact on a daily basis. In addition, the overages should be recorded as miscellaneous revenue and deposited with other collections.

Failure to ensure that cash receipts are deposited intact on a daily basis may result in the loss of County revenue. In addition, the County may be liable for funds collected in advance if the funds are lost or the service is not provided.

Recommendation:

Management should implement formal monitoring procedures to ensure that collections are deposited intact on a daily basis and funds are not collected in advance. Additionally, the \$11.00 should be deposited with the Treasurer's Office. Management should review the change fund amount and consider increasing the change fund, if necessary.

Observation 2:

We noted that security cameras were not utilized where cash collections are received and safeguarded. In addition, we were informed that the cameras installed in other areas of the premises do not work.

Security cameras serve as a crime deterrent; therefore, the County Auditor's Office recommends that security alarms and security cameras be installed in areas where cash collections and receipts are received and safeguarded. In addition, a notice stating that an area is being monitored by a security camera must be posted at the entrance to the area being monitored.

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

Recommendation:

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

Observation No. 3:

We noted that when a shift change is needed, collections are counted in the presence of both parties; however, a receipt signed by the employee who accepted custody of the collections is not prepared.

Pursuant to the "Cash Handling Guidelines and Procedures," when cash is transferred from one employee to another, it should 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 prepare a receipt when cash is transferred from one employee to another increases the risk of loss or misuse of County funds.

HIDALGO COUNTY DISTRICT JUDGES

Recommendation:

Management should ensure that when cash is transferred from one employee to another, the cash is counted in the presence of both parties and recorded on a receipt (see attached "Shift Change Form").

Observation No. 4:

According to staff, the \$25.00 change fund, collections, and unused receipts are taken home overnight by the head lifeguard for safeguarding. The collections made are taken to the Precinct 2 Office for deposit the following day. According to staff, leaving the change fund, collections, and receipts in the pool facility overnight is not safe.

The County Auditor's Office requires that funds not deposited and left overnight, including the change fund, and unused receipts be secured in an office safe or other locked storage place. Undeposited funds, change funds, and unused receipts should never be taken home by employees for overnight safekeeping or for any other reason.

Failure to ensure that the change fund and unused receipts are secured in an office safe or other locked storage place may result in the loss or misuse of County funds.

Recommendation:

Management should develop and implement formal monitoring procedures to ensure the change fund and unused receipts are properly secured in an office safe or other locked storage place.

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

Enclosure

cc: Mr. Valde Guerra, County Executive Officer
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Erika Zamora, Director of Administration, Hidalgo County Precinct No. 2



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 129 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 215 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 312 ND D.C.	HOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 381 ST D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 410 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.
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COUNTY of HIDALGO

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November 29, 2021

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

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

Re: 2021 Approved Salary Schedule Audit No. 2021-11

Dear Honorable Lita Leo and Mr. Sergio Cruz:

We completed an audit of the 2021 salary and allowance amounts in the *Alio* Human Resource System (HRS) pursuant to Local Government Code §115.001. The objective of the audit was to determine if the amounts to be paid to employees did not exceed the amounts on the 2021 budgeted salary schedule approved by Commissioners Court.

Executive Summary:

Based on the results of the audit, we determined that generally the amounts to be paid to employees did not exceed the amounts on the 2021 budgeted salary schedule approved by Commissioners; however, we noted the following:

- 8 employees were paid an auto or interpreter allowance that was not included in the approved budgeted salary schedule.
- 3 employees were not properly compensated longevity pay.

Background:

Local Government Code §152.011 authorizes Commissioners Court to set the amount of compensation, office and travel expenses, and all other allowances for county and precinct officers and employees who are paid wholly from county funds. In addition, pursuant to Local Government Code §111.070, Commissioners Court may spend county funds only in strict compliance with the budget.

Pursuant to Local Government Code §113.041(a), the County Treasurer shall disburse the money belonging to the County and shall pay and apply the money as required by law and as the Commissioners Court may require or direct, not inconsistent with law.

On September 29, 2020, Commissioners Court approved the 2021 budgeted salary schedule which included budgeted (employee/elected officials) salaries and allowances (i.e., longevity pay, interpreter pay, supplemental pay, automobile allowance, and clothing allowance) in the amount of \$145,474,947.00.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 464th D.C.

Alio Human Resource System (HRS)

The County Treasurer's Office utilizes HRS to process payroll and maintain employee payroll records. Employees are paid based on hourly and bi-weekly rates computed from the actual salary and allowance amounts as approved by the Elected Official/Department Head on a Change of Status form. The hourly and bi-weekly rates are computed manually by the County Treasurer's Office Payroll Division, except when an electronic file is uploaded to HRS. The Elected Official/Department Head may not approve salary and allowance amounts for employees in excess of the amounts on the budgeted salary schedule approved by Commissioners Court.

Generally, changes to employee records are required to be submitted through a properly authorized Change of Status form. The Change of Status form requires the signature of the preparer, the Official or Department Head, the Human Resources Director, the Budget Office, and the County Treasurer. The exception to the use of the Change of Status form to make changes to employee records occurs as a result of the adoption of the following year's salary schedule. Due to a significant volume of changes (i.e., Cost of Living Adjustment (COLA), longevity pay, title changes, etc.) that may occur in any year, the Department of Budget and Management prepares an electronic file that is uploaded to HRS by an independent contracted programmer.

Prior to uploading the electronic file, the previous year's salary information is rolled over to the current year. The electronic file overrides the rolled over salary and allowance amounts, hourly and bi-weekly rates, position titles, general ledger account numbers, and distribution percent per general ledger account, as applicable.

Budget Application Program

The Department of Budget and Management (DBM) utilizes the Budget Application Program (BAP), a Microsoft Access database developed internally by the IT Department, in order to develop the budgeted salary schedule that is presented to Commissioners Court for adoption during the annual budget process. In addition to the "adopted" salary schedule, the BAP contains an "actual" salary schedule for each year. The actual salary schedule is updated throughout the year to reflect the current budgeted and actual salaries and allowances per position. Since the BAP does not interface with HRS, a reconciliation of these two programs is needed. According to the Department and Budget and Management, a reconciliation of the salary schedule generated from BAP is conducted prior to preparing the electronic file that is uploaded to HRS and after the electronic file is uploaded.

Supplement Pay

On September 29, 2020, Commissioners Court approved the Law Enforcement pay plan. Pursuant to the pay plan, Law Enforcement and Adult Detention personnel may receive supplemental pay on three programs: the Education Program, the Certification Program, and the Assignment Program.

1. The Education Program pays Law Enforcement and Adult Detention personnel an annual supplement of \$1,200 for having an Associate's Degree; \$1,500 for having a Bachelor's Degree; \$1,800 for having a Master's Degree, and \$2,100 for having a PhD. Employees are required to submit a copy of the college transcript or diplomas as evidence of the applicable degree.
2. The Certification Program pays Law Enforcement and Adult Detention personnel an annual supplement of \$600 for having an Intermediate Peace Officer (or Jailer) Proficiency Certification; \$1,200 for having an Advanced Peace Officer (or Jailer) Proficiency Certification; and \$1,800 for having a Master Peace Officer (or Jailer) Proficiency Certification. The requirements for each of the certifications are set by the Texas Commission on Law Enforcement (TCOLE). A certificate issued by TCOLE for the applicable certification must be submitted as evidence of the applicable certification.
3. The Assignment Pay Program pays Law enforcement and Adult Detention personnel an annual supplement of \$1,800 for Level I specialized functions and \$2,100 for Level II specialized functions. As evidence of the assignment, the Sheriff's Office submits to the Human Resources Department a "change of status" form along with a copy of the letter from the Sheriff addressed to the employee notifying them of their new assignment.

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JUDGE, 448TH D.C.

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JUDGE, 464TH D.C.

Longevity Pay

Pursuant to Local Government Code §152.074(a), “in a county with a population of 150,000 or more, the commissioners court of a county shall provide to each commissioned deputy of the sheriff’s department longevity pay in an amount not less than \$5 a month for each year of service in the department, up to and including 25 years. Each commissioned deputy is entitled to the longevity pay in addition to the deputy’s regular compensation.” In addition, Local Government Code §152.074(a-1) states, “in a county with a population of 150,000 or more, the commissioners court may provide to each county jailer of the sheriff’s department longevity pay in the amount provided to a commissioned deputy under Subsection (a).” Pursuant to Local Government Code §152.074 (b), “the commissioners court shall begin providing the longevity pay at the beginning of the first fiscal year after the date this section becomes applicable to the county.” On March 26, 2019, the Hidalgo County Commissioners Court approved the adjustment of the monthly longevity pay amount for Sheriff Department deputies and detention officers from \$5 a month to \$6 a month for each year of service in the department, up to and including 25 years.

Pursuant to Government Code § 41.252 (a) and (b), “an assistant prosecutor is entitled to longevity pay if the assistant prosecutor: (1) is a full-time employee on the last day of a state fiscal quarter; (2) is not on leave without pay on the last day of a state fiscal quarter; and (3) has accrued at least four years of lifetime service credit not later than the last day of the month preceding the last month of a state fiscal quarter. The district attorney, criminal district attorney, or county attorney in the county in which the assistant prosecutor is employed shall certify the eligibility of the assistant prosecutor to receive a longevity pay supplement under this subchapter. Pursuant to Government Code § 41.253 (a), (b) and (c), “except as provided by Section 41.255(f), the amount of longevity pay is \$20 per month for each year of lifetime service credit. The increase is effective beginning with the month following the month in which the fourth year of lifetime service credit is accrued. An assistant prosecutor may not receive as longevity pay from the county under this subchapter: (1) more than \$20 for each year of lifetime service credit, regardless of the number of positions the assistant prosecutor holds or the number of hours the assistant prosecutor works each week; or (2) more than \$5,000 annually.

Pursuant to Local Government Code §152.906, “in a county with a population of 190,000 or more, the commissioners court may provide for each county employee or classification of county employee, including, but not limited to, deputy constables, longevity pay, in addition to regular compensation, of \$5 a month, or any other amount determined by the commissioners court, for each year of service in the county, up to and including 30 years.”

On October 23, 2007, Commissioners Court adopted the “Longevity Pay Policy” that awards longevity pay twice monthly to all regular, full-time employees in the amount of \$60.00 per year, for each full year of continuous employment after five years of permanent full-time service. This policy does not limit the amount of years of service for computing longevity pay; however, Local Government Code §152.906 limits the years of service to 30 years. The following are not eligible for longevity pay: elected officials, regular part-time employees, full-time temporary employees, part-time temporary employees, and temporary election workers. Employees who voluntarily terminate their employment with the County but return at a later date forfeit all longevity time previously credited and will commence as a new employee except as follows: 1.) Longevity time will be reinstated when the break in service is within one year and the result of involuntary termination was caused by a change in administration or loss of funding for a program, department or office. 2.) Longevity time will be reinstated when the break in service was voluntary and the employee returns within three months, provided that the employee resigned in good standing. Longevity pay is not considered part of the annual base pay for classification and pay purposes, nor is it to be recorded in personnel records as part of annual base salary.

Scope and Methodology:

The scope of the audit was limited to a review of the 2021 budgeted salary schedule approved by Commissioners Court and the 2021 hourly and bi-weekly rates for salaries and allowances in HRS. The audit was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 464th D.C.

Accordingly, the opportunities for improvement presented in this report may not be all inclusive of areas where improvements could be made.

In planning and performing the audit, we obtained a copy of the 2021 budgeted salary schedule approved by Commissioners Court and an electronic file of 2021 salaries and allowances in HRS. The following procedures were performed:

1. Compared the 2021 budgeted salary schedule approved by Commissioners Court to the 2021 hourly and bi-weekly rates for salaries and allowances (interpreter, auto, supplemental, and clothing) in HRS to ensure the salaries did not exceed the 2021 budgeted salary schedule approved by Commissioners Court.
2. Reviewed longevity pay for all county employees to ensure that longevity was paid in accordance with Government Code §41.252-§41.253, Local Government Code §152.906, Local Government Code §152.074, and Hidalgo County's Longevity Pay Policy.
3. Reviewed employee files held by the Human Resources Department for 50 law enforcement and adult detention personnel that received supplemental pay that did not agree to the 2021 approved salary schedule to determine if documentation (i.e., college transcripts, assignment pay letters, change of status forms, and Texas Commission on Law Enforcement Proficiency Certification) to support the supplemental pay was maintained on file.

Conclusion:

Based on the audit, we determined that generally the 2021 hourly and bi-weekly rates for salaries and allowances in HRS did not exceed the 2021 budgeted salary schedule approved by Commissioners Court; however, we noted the following:

1. 8 employees were paid an auto (4) or interpreter (4) allowance that was not included in the approved budgeted salary schedule. According to the Budget Office, the allowances were included in the department's budget; however, the amounts to be paid for each of the slots were not included in the salary schedule, in error.
2. 3 employees were not properly compensated longevity pay, as follows:
 - 2 constable deputies were receiving longevity pay for which they did not qualify pursuant to Local Government Code §152.906. The longevity pay was corrected for the 2 employees.
 - 1 employee was underpaid \$120.00 for longevity pay, in error. The Budget Office is actively working on resolving this issue.
3. Proper documentation to support the supplemental pay for the 50 employees was maintained on file by the Human Resources Department.

Recommendation:

The Budget Office and County Treasurer's Office should develop formal monitoring procedures to ensure:

1. Salaries and allowances do not exceed the budget salaries and allowances approved by Commissioners Court. Commissioners Court approval should be obtained for the 8 slots receiving allowances that were not included in the adopted salary schedule.
2. Constable deputies receive longevity pay pursuant to Local Government Code §152.906.

In addition, the Budget Office should continue working on resolving the issue with the employee being underpaid longevity.

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

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
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JUDGE, 448TH D.C.

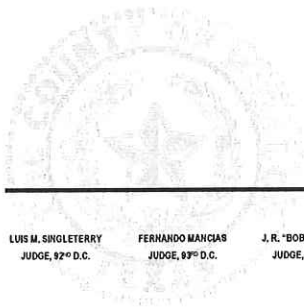
JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

Honorable Lita Leo and Mr. Sergio Cruz
November 29, 2021
Page 5 of 5

Respectfully,


Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Erika Reyna, Director, Department of Human Resources
Ms. Damaris Sanmiguel, Division Manager, Department of Budget and Management
Mr. Alfredo Zamarripa, Chief Deputy, Hidalgo County Treasurers Office



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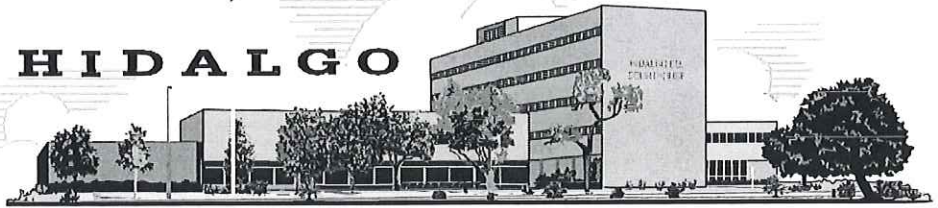
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COUNTY of HIDALGO

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EDINBURG, TEXAS 78539

December 6, 2021

Ron Garza, City Manager
City of Edinburg
415 W. University Drive
Edinburg, Texas 78541

Re: City of Edinburg TIRZ No. 4 Entertainment Center - Report No. 2021-32

Dear Mr. Garza:

We conducted a limited scope review of the interlocal agreement between the City of Edinburg, Hidalgo County, and City of Edinburg TIRZ No. 4. The objectives of the review were to determine the accuracy of the Edinburg TIRZ No. 4 2020-2021 payment request and compliance with Sections IV (B)(2) and VII (J) of the interlocal agreement and Tax Code § 311.016.

The scope of the review was limited to the property accounts within Edinburg TIRZ No. 4 as of January 31, 2021. 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.

The results of the review revealed the following:

1. A payment request was submitted in the amount of \$76,870.42; however, it was determined that the payment amount should be \$86,592.43 (see Exhibit A); and
2. The annual report and annual financial review were submitted in compliance with Tax Code §311.016 and Sections IV (B)(2) and VII (J) of the interlocal agreement.

We will proceed to process the 2020-2021 Edinburg TIRZ No. 4 payment in the amount of \$86,592.43.

If you have any questions, please contact Enrique Leal, Internal Auditor I, at 318-2511 ext. 4641, 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 ext. 4645.

Respectfully,

María Arcilia Duran, CPA
Hidalgo County Auditor

Enclosure: Exhibit A

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 83 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 379 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 393 rd D.C.	ISRAEL RAMON, JR. JUDGE, 410 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.
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EXHIBIT A

2020-2021 Edinburg TIRZ No. 4 - Entertainment Center

	Edinburg TIRZ No. 4 Calculation 2020	Edinburg TIRZ No. 4 Calculation 2019	Edinburg TIRZ No. 4 Calculation 2018	Edinburg TIRZ No. 4 Calculation 2017	Edinburg TIRZ No. 4 Calculation 2016	Total
Tax Increment Reinvestment Zone (TIRZ) Payment Calculation (Multiplied by) Hidalgo County Current (GHD) Tax Rate (.5750/100)	\$ 24,064,445.00					
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 138,370.56					
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 24,064,445.00					
(Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD)	\$ 444,933.00					
Captured Appraised Value	\$ 23,619,452.00					
Captured Appraised Value (Multiplied by) Contribution Rate (80% of the lesser of agreement M&O rate [0.5225] or actual tax year M&O rate).	\$ 18,903,561.60					
Tax Levy Due to TIRZ	\$ 95,290.32					
TIRZ Collections (for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office (Less) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ	\$ 111,623.13					
Percent Collected of Actual Levy	\$ 138,370.56					
	\$ 80.6697%					
Tax Levy Due to TIRZ (Multiplied by) Percent Collected of Actual Levy	\$ 95,290.32					
(Less) Adjustments **	\$ 80.6697%					
2020-2021 TIRZ PAYMENT AMOUNT	\$ 76,870.42					\$ 76,870.42

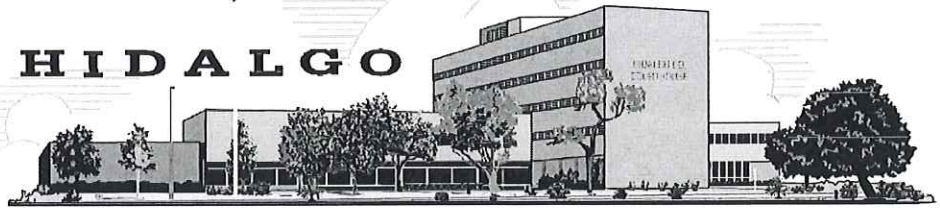
** Adjustments are made in order to prevent an overpayment; the adjustment limits payments to 100% allowable TIRZ levy

	County Auditor's Calculation for Tax Year 2020	County Auditor's Calculation for Tax Year 2019	County Auditor's Calculation for Tax Year 2018	County Auditor's Calculation for Tax Year 2017	County Auditor's Calculation for Tax Year 2016	Total
Tax Increment Reinvestment Zone (TIRZ) Payment Calculation (Multiplied by) Hidalgo County Current (GHD) Tax Rate (.5750/100)	\$ 24,064,445.00	\$ 23,901,923.00	\$ 27,801,414.00	\$ 21,079,884.00	\$ 15,948,867.00	
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 138,370.56	\$ 137,436.06	\$ 161,248.20	\$ 122,263.33	\$ 94,098.32	
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD))	\$ 24,064,445.00	\$ 23,901,923.00	\$ 27,801,414.00	\$ 21,079,884.00	\$ 15,948,867.00	
(Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD)	\$ 444,933.00	\$ 444,933.00	\$ 444,933.00	\$ 444,933.00	\$ 444,933.00	
Captured Appraised Value	\$ 23,619,512.00	\$ 23,456,990.00	\$ 27,356,481.00	\$ 20,634,951.00	\$ 15,503,934.00	
Captured Appraised Value (Multiplied by) Contribution Rate (80% of the lesser of agreement M&O rate [0.5225] or actual tax year M&O rate).	\$ 18,903,561.60	\$ 18,765,592.00	\$ 21,885,184.80	\$ 16,507,960.80	\$ 12,403,147.20	
Tax Levy Due to TIRZ	\$ 95,281.11	\$ 94,508.21	\$ 111,614.44	\$ 84,396.95	\$ 64,325.82	
TIRZ Collections (for Feb 1 through Jan 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	\$ 50,359.85	\$ 103,469.36	\$ (26,345.42)	\$ -	\$ -	
Percent Collected of Actual Levy	\$ 138,370.56	\$ 137,436.06	\$ 161,248.20	\$ 122,263.33	\$ 94,098.32	
	\$ 36.3949%	\$ 75.2855%	\$ -16.3384%	\$ 0.0000%	\$ 0.0000%	
Tax Levy Due to TIRZ (Multiplied by) Percent Collected of Actual Levy	\$ 95,281.11	\$ 94,508.21	\$ 111,614.44	\$ 84,396.95	\$ 64,325.82	
(Less) Administrative Cost	\$ 36,394.95	\$ 75,285.55	\$ (16,338.44)	\$ 0.0000%	\$ 0.0000%	
(Less) Adjustments **	\$ (1,000.00)	\$ 71,150.98	\$ (18,236.01)	\$ -	\$ -	
2020-2021 TIRZ PAYMENT AMOUNT	\$ 33,677.46	\$ 71,150.98	\$ (18,236.01)	\$ -	\$ -	\$ 86,592.43

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

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 6, 2021

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

Re: City of Edinburg TIRZ No. 4 Entertainment Center (THEB4) Report No. 2021-32

Dear Mr. Garza:

We conducted a limited scope review of the tax year 2020 list of tax accounts coded THEB4 by Hidalgo County Appraisal District (HCAD). The objective of the review was to determine if the list of tax accounts coded THEB4 only included real property tax accounts located within the TIRZ boundaries.

The scope of the review was limited to tax accounts located within the TIRZ for tax roll 2020. 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 reviewed the agreement between Hidalgo County and the City of Edinburg TIRZ No. 4 and the list of tax accounts coded THEB4 by HCAD.

We noted that tax account number W7700-04-000-0016-00 (330819) was included on the tax year 2020 list of tax accounts coded THEB4; however, the property is not located within the TIRZ boundaries.

Please make the necessary correction and submit a revised list of tax accounts coded THEB4 to the Hidalgo County Auditor's Office and Tax Assessor-Collector's Office by December 17, 2021.

If you have any questions, please contact Enrique Leal, Internal Auditor I, at 318-2511, ext. 4641, 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: The Honorable Richard F. Cortez, Hidalgo County Judge
The Honorable Pablo Villarreal, Hidalgo County Tax Assessor-Collector
Ron Garza, City Manager, City of Edinburg

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCINAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.
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December 6, 2021

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

Re: City of Edinburg TIRZ No. 4 Entertainment Center (THEB4) Report No. 2021-32

Dear Mr. Villarreal:

We conducted a limited scope review of the tax year 2020 list of tax accounts provided by the Tax Office for the City of Edinburg Tax Increment Reinvestment Zone No. 4 (TIRZ). The objective of the review was to determine if the list of TIRZ taxable values listing prepared by the Tax Office included only real property tax accounts located within the TIRZ boundaries.

The scope of the review was limited to tax accounts located within the TIRZ for tax roll 2020. 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, City of Edinburg TIRZ No. 4 list of accounts provided by the Tax Office, a list of tax accounts coded THEB4 by HCAD, and TIRZ map provided by the HCAD.

The results of the review revealed that tax account number 330819 (W7700-04-000-0016-00) is not located within the TIRZ boundaries; however, the tax account number was coded THEB4 by HCAD and included on the list of TIRZ taxable values provided by the Tax Office. A letter was sent to the HCAD notifying them of the discrepancy.

We recommend that the tax account be removed from the list of TIRZ taxable values. In addition, a revised list of TIRZ taxable values should be submitted to the County Auditor's Office by December 17, 2021.

If you have any questions, please contact Enrique Leal, Internal Auditor I, at 318-2511, ext. 4641, 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: The Honorable Richard F. Cortez, Hidalgo County Judge
Mr. Ron Garza, City Manager, City of Edinburg

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
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JUDGE, 99TH D.C.

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JUDGE, 449TH D.C.

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JUDGE, 464TH D.C.

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November 17, 2021

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

Re: Cash Count Report No. 2021-61

Dear Ms. Leo:

We conducted a surprise cash count of the cash held at the County Treasurer's Office September 29, 2021 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 the progress toward resolving the observation identified in the cash count conducted on March 26, 2021 and June 29, 2021. 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 \$1,299,781.85. 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 some improvement has been made towards resolving the previous observation as noted in the observation below.

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 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, as a compensating control, all cashiers must obtain approval from the Chief Deputy before making any modifications to receipts. An update to resolve the issue was installed by Weidenhammer (*Alio*) on October 8, 2020. The Auditor's Office is waiting on a response from the Treasurer's Office in order to move forward with the implementation.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 448TH D.C.

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JUDGE, 464TH D.C.

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 contact the Auditor's Office to move forward with the implementation of the process in *Alio* that would remove the employee's ability to modify receipts.

Please provide a written management response to the observation noted above by December 3, 2021 using the attached Management Response Form.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Karen R. Ramirez, Internal Auditor I, at (956) 318-2511, ext. 4606, 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 Form

cc: Mr. Valde Guerra, County Executive Officer
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Mr. Alfredo Zamarripa, Chief Deputy, Hidalgo County Treasurer's Office



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COUNTY of HIDALGO

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December 3, 2021

The Honorable Celestino Avila, Constable
Hidalgo County Precinct No. 1
1902 Joe Stephens Blvd. Suite 303
Weslaco, TX 78596

Re: MFR for June 2021 through October 2021

Dear Constable Avila:

We conducted a limited scope review of the Constable Precinct No. 1 *Monthly Fees Report* (MFR) and supporting documentation for the months of June 2021 through October 2021 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 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.

Executive Summary:

Fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of June 2021 through October 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR 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 *Cashier's Daily Close-out Report/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution in a timely manner.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Constable; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, Close-out Reports, and the MFR were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 89th D.C.

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

ROSE GUERRA REYNA
JUDGE, 206th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

HOE GONZALEZ
JUDGE, 376th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389th D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

Conclusion:

Collections for the months of June 2021 through October 2021 totaled \$6,795.50, \$10,148.00, \$5,267.50, \$8,336.00, and \$900.00, respectively. Based on the review, we concluded that fees collected were properly accounted and reported.

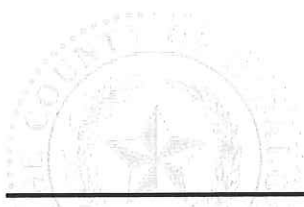
If you have any questions, please contact Karen Ramirez, Internal Auditor I, at 318-2511, ext. 4606, Reynaldo Cantu III, Compliance Audit Supervisor at ext. 4654, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

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, 87 th D.C.	J.R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 381 st D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 448 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.
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COUNTY of HIDALGO

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December 6, 2021

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

Re: Swimming Pool MFR for June 2021 through August 2021

Dear Commissioner Cantu:

We conducted a limited scope review of the Swimming Pool Monthly Fees Reports (MFR) and supporting documentation for the months of June 2021 through August 2021 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.

Executive Summary:

Fees collected were generally properly accounted and reported. However, the system of internal controls for the accounting and issuance of permits and collection of proper fees requires improvement as noted in the observation below. More specifically, we noted the following:

- The copy of receipt number 3767 issued during June 18, 2021 was not submitted to the County Auditor's Office to reconcile receipts to collections; therefore, we were not able to verify the amount collected.
- We noted overages on June 24, 2021, July 16, 2021, August 1, 2021, and August 19, 2021 in the amounts of \$0.50, \$1.00, \$1.00, and \$14.89, respectively.
- We noted that receipts were not properly completed.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of June 2021 through August 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
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JUDGE, 430th D.C.

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JUDGE, 449th D.C.

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

- 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 *Cashier's Daily Close-Out Report/ Daily Remittance Forms* (Close-Out Reports) to determine if fees collected were properly accounted and deposited with the financial institution on a daily basis.
- Verified that the collections per the MFR agreed to total receipts issued and deposits made with the County Treasurer and the financial institution.
- Verified that Close-Out Reports and the MFR were properly completed.

Conclusion:

Collections for the months of June 2021 through August 2021 totaled \$227.00, \$422.50, and \$139.50, respectively. Based on the review, we concluded that fees collected were generally properly accounted and reported. However, the system of internal controls for the accounting and issuance of permits and collection of proper fees requires improvement as noted in the observation below.

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 no 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:

The copy of receipt number 3767 issued during June 18, 2021 was not submitted to the County Auditor's Office to reconcile receipts to collections; therefore, we were not able to verify the amount collected. According to staff, the copy was inadvertently misplaced.

Receipts are issued in duplicate form. The original is issued to the payer and the copy is submitted to the County Auditor's Office. Persons who accept accountable forms (i.e., permits, receipts, etc.) become responsible, upon receipt, for the accountability and safeguarding of such forms. Management must also monitor all missing accountable forms to determine if there is a pattern meriting further investigation, modification of procedures, retraining of personnel, or disciplinary action.

Failure to ensure that receipts are properly secured and submitted to the Auditor's Office to properly reconcile receipts to collections may result in the loss of County revenue.

Recommendation:

Management should ensure that receipts are properly secured and submitted to the Auditor's Office to properly reconcile receipts to collections.

Observation No. 2:

We noted overages on June 24, 2021, July 16, 2021, August 1, 2021, and August 19, 2021 in the amounts of \$0.50, \$1.00, \$1.00, and \$14.89, respectively. According to Precinct 2 staff, the amounts over collected were due to change left behind by constituents. In addition, an overage (\$8.00) resulted from an amount collected from a constituent in advance. The cash was kept in the lockbox and receipted when the constituent would use the swimming pool. According to staff, the money was collected in advance since they did not have enough change to give to the constituent. Management was not aware of this issue.

The County Auditor's Office requires that cash receipts be deposited intact on a daily basis. In addition, the overages should be recorded as miscellaneous revenue and deposited with other collections.

Failure to ensure that cash receipts are deposited intact on a daily basis may result in the loss of County revenue. In addition, the County may be liable for funds collected in advance if the funds are lost or the service is not provided.

HIDALGO COUNTY DISTRICT JUDGES

Recommendation:

Management should implement formal monitoring procedures to ensure that collections are deposited intact on a daily basis and funds are not collected in advance. Management should ensure staff is properly trained to ensure overages are properly recorded in *Alio* and not accepted if left by constituents. At a minimum, the procedures noted above should be implemented.

Observation No. 3:

We noted that receipts were not properly completed. Several receipts lacked the receipt date and the initial/signature of the cashier who issued the receipt. According to staff, they were not aware that the receipts needed to be initialed/signed.

The County Auditor's Office requires that all cash received be promptly recorded and controlled using a pre-numbered official County receipt. In order to create an audit trail, the receipt must include the receipt date and the initials of the cashier who issued the receipt.

Failure to ensure that the official County receipts are dated and initialed by the cashier who issues the receipt increases the risk of loss or misuse of County funds.

Recommendation:

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

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
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Erika Zamora, Director of Administration, Hidalgo County Precinct No. 2



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 REYNIA JUDGE, 206th D.C. MARLA CUELLAR JUDGE, 275th D.C. MARIO E. RAMIREZ, JR. JUDGE, 332nd D.C. HOE GONZALEZ JUDGE, 370th D.C. OVERSEER LETICIA LOPEZ JUDGE, 389th D.C. L. KENO VASQUEZ JUDGE, 398th D.C. ISRAEL RAMON, JR. JUDGE, 420th D.C. RENE R. BETANCOURT JUDGE, 449th D.C. JOSE "JOE" RAMIREZ 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



December 3, 2021

The Honorable Daniel Marichalar, Constable
Hidalgo County Precinct No. 5
P.O. Box 1279
Elsa, TX 78543

Re: MFR for July 2021 through October 2021

Dear Constable Marichalar:

We conducted a limited scope review of the Constable Precinct No. 5 *Monthly Fees Report* (MFR) and supporting documentation for the months of July 2021 through October 2021 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 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.

Executive Summary:

Fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of July 2021 through October 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR 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 *Cashier's Daily Close-out Report/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution in a timely manner.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Constable; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, Close-out Reports, and the MFR were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93rd D.C.

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

ROSE GUERRA REYNA
JUDGE, 206th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

HOE GONZALEZ
JUDGE, 376th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 381st D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

Honorable Daniel Marichalar
December 3, 2021
Page 2 of 2

Conclusion:

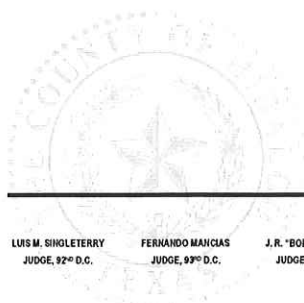
Collections for the months of July 2021 through October 2021 totaled \$100.00, \$100.00, \$6,716.50, and \$3,400.00, respectively. Based on the review, we concluded that fees collected were generally properly accounted and reported.

If you have any questions, please contact Karen Ramirez, Internal Auditor I, at 318-2511 ext. 4606, 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

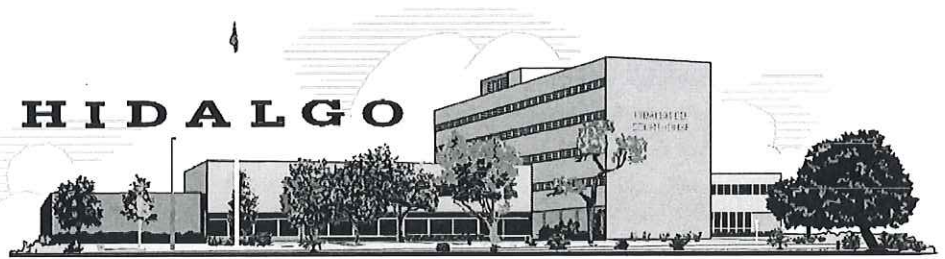


HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 32 nd D.C.	FERNANDO MANCIAS JUDGE, 33 rd D.C.	J.R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 375 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 448 th D.C.	JOSE "JOE" RAMIREZ 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

December 6, 2021

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

Re: Environmental Health Division MFR for July 2021 through October 2021

Dear Mr. Olivarez:

We conducted a limited scope review of the Environmental Health Division *Monthly Fees Report* (MFR) and supporting documentation for the months of July 2021 through October 2021 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.

Executive Summary:

Fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of July 2021 through October 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR 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 *Daily Remittance/Close-out Reports* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution in a timely manner.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Environmental Health Division; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 89th D.C.

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

ROSE GUERRA REYNA
JUDGE, 206th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

NOE GONZALEZ
JUDGE, 370th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389th D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

Mr. Eduardo Olivarez
December 6, 2021
Page 2 of 2

- Verified that receipts, Close-out Reports, and the MFR were properly completed.

Conclusion:

Collections for the months of July 2021 through October 2021 totaled \$37,075.00, \$31,485.00, \$42,380.00, and \$23,450.00, respectively. Based on the review, we concluded that fees collected were properly accounted and reported.

If you have any questions, please contact Karen Ramirez, at 318-2511 ext. 4606, 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
Mr. Martin Ramirez, Program Manager III



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, 206TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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JUDGE, 332ND D.C.

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JUDGE, 398TH D.C.

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JUDGE, 430TH D.C.

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

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

COUNTY of HIDALGO

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



December 6, 2021

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

Re: Sanitation Program MFR for July 2021 through October 2021

Dear Commissioner Cantu:

We conducted a limited scope review of the Sanitation Program *Monthly Fee Report* (MFR) and supporting documentation for the months of July 2021 through October 2021 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.

Executive Summary:

Fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of July 2021 through October 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts and permits were issued in sequential order.
- Verified that procedures for voiding receipts and permits were properly followed.
- Reviewed *Cashier's Daily Close-out Report/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution in a timely manner.

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, 206TH D.C.

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JUDGE, 430TH D.C.

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

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

Honorable Eduardo Cantu
December 6, 2021
Page 2 of 2

- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Precinct; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, Close-out Reports, and the MFR were properly completed.

Conclusion:

Collections for the months of July 2021 through October 2021 totaled \$9,425.00, \$9,375.00, \$7,425.00, and \$7,800.00, respectively. Based on the review, we concluded that fees collected were generally properly accounted and reported.

If you have any questions, please contact Karen Ramirez, Internal Auditor I, at 318-2511 ext. 4606, 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,



María Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Armando Garza, Chief Administrator, Hidalgo County Precinct No. 2
Ms. Erika Zamora, Director of Administration, Hidalgo County Precinct No. 2



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 93 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 383 rd D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.
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COUNTY of HIDALGO

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Hidalgo County Administration Building
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Edinburg, Texas 78539-6243
PHONE: (956) 318-2511
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WEBSITE: www.co.hidalgo.tx.us/auditor



December 7, 2021

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

Re: MFR for August 2021 through October 2021

Dear Constable Gallardo:

We conducted a limited scope review of the Constable Precinct No. 3 *Monthly Fees Report* (MFR) and supporting documentation for the months of August 2021 through October 2021 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 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.

Executive Summary:

Fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of August 2021 through October 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR 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 *Cashier's Daily Close-out Report/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution in a timely manner.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Constable; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, Close-out Reports, and the MFR were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 119TH D.C.

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 379TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

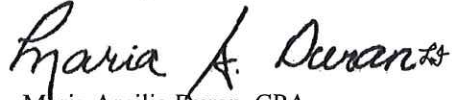
Honorable Lazaro Gallardo
December 7, 2021
Page 2 of 2

Conclusion:

Collections for the months of August 2021 through October 2021 totaled \$2,100.00, \$7,966.00, and \$22,414.00, respectively. Based on the review, we concluded that fees collected were generally properly accounted and reported.

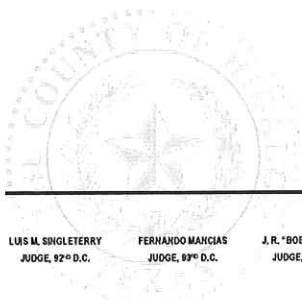
If you have any questions, please contact Reynaldo Cantu III, Compliance Audit Supervisor, at 318-2511 ext. 4654, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Gerardo Zamora, Chief Deputy Constable, Hidalgo County Constable Precinct No. 3



HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 89th D.C.

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

ROSE GUERRA REYNIA
JUDGE, 208th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

NOE GONZALEZ
JUDGE, 379th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389th D.C.

L. KENO VASQUEZ
JUDGE, 399th D.C.

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

COUNTY of HIDALGO

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



December 9, 2021

The Honorable David L. Fuentes, Commissioner
Hidalgo County Precinct No. 1
1902 Joe Stephens Suite 101
Weslaco, Texas 78596

Re: Sanitation Program MFR for August 2021 and September 2021

Dear Commissioner Fuentes:

We conducted a limited scope review of the Precinct 1 Sanitation Program *Monthly Fee Report* (MFR) and supporting documentation for the months of August 2021 and September 2021 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.

Executive Summary:

Fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of August 2021 and September 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts and permits were issued in sequential order.
- Verified that procedures for voiding receipts and permits were properly followed.
- Reviewed *Cashier's Daily Close-out Reports/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution on a daily basis.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Precinct; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, *Close-out Reports*, and the MFR were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 89th D.C.

J. R. "BOBBY" FLORES
JUDGE, 119th D.C.

ROSE GUERRA REYNA
JUDGE, 206th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

NOE GONZALEZ
JUDGE, 379th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389th D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

The Honorable David L. Fuentes
December 9, 2021
Page 2 of 2

Conclusion:

Collections for the months of August 2021 and September 2021 totaled \$33,940.00 and \$37,910.00, respectively. Based on the review, we concluded that fees collected were generally properly accounted and reported.

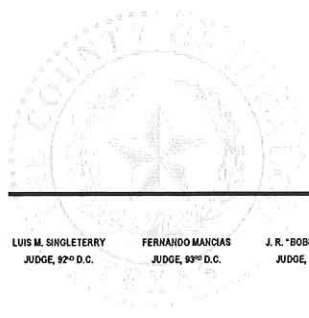
If you have any questions, please contact Karen Ramirez, Internal Auditor I, at 318-2511, ext. 4606, Reynaldo Cantu III, Compliance Audit Supervisor, at ext. 4654, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. David Suarez, Chief Administrator, Hidalgo County Precinct No. 1



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 135 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 322 ND D.C.	NOE GONZALEZ JUDGE, 379 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 383 RD D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ 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



December 8, 2021

The Honorable Martin Cantu, Constable
Hidalgo County Precinct No. 2
300 W. Hall Acres, Ste. E
Pharr, TX 78577

Re: MFR for Sep - Oct 2021

Dear Constable Cantu:

We conducted a limited scope review of the Constable Precinct No. 2 *Monthly Fees Report* (MFR) and supporting documentation for the months of September 2021 and October 2021 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 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.

Executive Summary:

Fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of September 2021 and October 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR 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 *Cashier's Daily Close-out Report/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution in a timely manner.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Constable; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, Close-out Reports, and the MFR were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93RD D.C.

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

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

The Honorable Martin Cantu
December 8, 2021
Page 2 of 2

Conclusion:

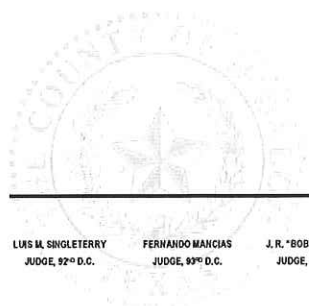
Collections for the months of September 2021 and October totaled \$12,185.50 and \$28,188.50, respectively. Based on the review, we concluded that fees were generally properly accounted and reported.

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
Mr. Armando Campos, Chief Deputy, Hidalgo County Precinct No. 2



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, 206TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 379TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

L. KENO VASQUEZ
JUDGE, 338TH D.C.

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

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

JOSE "JOE" RAMIREZ
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



December 9, 2021

The Honorable Atanacio Gaitan Jr, Constable
Hidalgo County Precinct No. 4
2814 S. Business Highway 281
Edinburg, TX 78539

Re: MFR for September 2021 and October 2021

Dear Constable Gaitan:

We conducted a limited scope review of the Constable Precinct No. 4 *Monthly Fees Report* (MFR) and supporting documentation for the months of September 2021 and October 2021 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 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.

Executive Summary:

Fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of September 2021 and October 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR 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 *Cashier's Daily Close-out Report/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution in a timely manner.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Constable; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, Close-out Reports, and the MFR were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93rd D.C.

J. R. "BOBBY" FLORES
JUDGE, 119th D.C.

ROSE GUERRA REYNA
JUDGE, 206th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

NOE GONZALEZ
JUDGE, 375th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389th D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

The Honorable Atanacio Gaitan Jr.
December 9, 2021
Page 2 of 2

Conclusion:

Collections for the months of September 2021 and October 2021 totaled \$9,208.00 and \$11,852.50, respectively. Based on the review, we concluded that fees collected were properly accounted and reported.

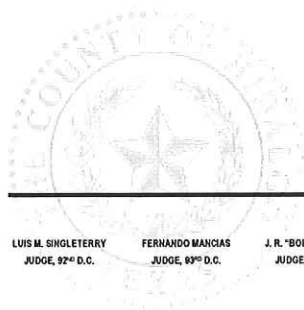
If you have any questions, please contact Reynaldo Cantu III, Compliance Audit Supervisor, at 318-2511 ext. 4654, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Horaldo Sanchez, Chief Deputy, Hidalgo County Constable Precinct 4



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	BERNARDO MANCIAS JUDGE, 93 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 392 nd D.C.	HOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ 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



December 2, 2021

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

Re: Forensic Center MFR for July 2021 and August 2021

Dear Mr. Rodriguez:

We conducted a limited scope review of the Monthly Fees Report (MFR) and supporting documentation for the months of July 2021 and August 2021 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 MFR for the months of July 2021 through August 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR 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 *Daily Remittance Forms/Close-out Forms* to determine whether fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that the collections per the MFR agreed to total receipts issued and the deposits made with the County Treasurer.
- Verified that receipts, *Daily Remittance/Close-out Forms*, and the MFR were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 97th D.C.

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

ROSE GUERRA REYNA
JUDGE, 206th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

NOE GONZALEZ
JUDGE, 378th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 383rd D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

Honorable Ricardo Rodriguez, Jr.
December 2, 2021
Page 2 of 2

Conclusion:

There were no collections for the month of July 2021. Collections for the month of August 2021 totaled \$175.20. Based on the review, we concluded that fees collected were properly accounted and reported.

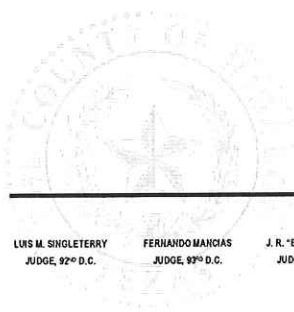
If you have any questions, please contact Carlos Alvarez, at 318-2511 ext. 4667, Reynaldo Cantu III, Compliance Audit Supervisor, at ext. 4654, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Ms. Rosalinda Cantu, Assistant Chief of Staff II, District Attorney's Office



HIDALGO COUNTY DISTRICT JUDGES

LWS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANGIAS JUDGE, 97 TH D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KEHO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ 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



December 9, 2021

The Honorable Everardo Villarreal, Commissioner
Hidalgo County Precinct No. 3
724 North Breyfogle
Mission, TX 78572

Re: Sanitation Program MFR for July - September 2021

Dear Commissioner Villarreal:

We conducted a limited scope review of the Precinct 3 Sanitation Program *Monthly Fee Report* (MFR) and supporting documentation for the months of July 2021 through September 2021 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.

Executive Summary:

Fees collected were generally properly accounted and reported; however, the system of internal controls for the accounting of permits requires improvement. More specifically, we were unable to account for all permits assigned to the Precinct 3 Sanitation Office as noted below.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of July 2021 through September 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts and permits were issued in sequential order.
- Verified that procedures for voiding receipts and permits were properly followed.
- Reviewed *Cashier's Daily Close-out Reports/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution on a daily basis.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Precinct; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
JUDGE, 133RD D.C.

ROSE GUERRA REYNA
JUDGE, 200TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 383RD D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

- Verified that receipts, *Close-out Reports*, and the MFR were properly completed.

Conclusion:

Collections for the months of July 2021 through September 2021 totaled \$43,575.00, \$39,345.00, and \$41,650.00, respectively. Based on the review, we concluded that fees collected were generally properly accounted and reported; however, the system of internal controls for the accounting of permits requires improvement as noted in the observation below.

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 permit number 96215 issued to user 13 during July 2021 was out of sequence and unaccounted for. Precinct 3 staff was unable to provide an explanation for the missing permit.

In addition, missing permits totaling \$50.00 issued between December 2020 and February 2021 have not been replenished and deposited with the County Treasurer, as previously requested by the County Auditor's Office.

Persons who accept accountable forms (i.e., permits, receipts, etc.) become responsible, upon receipt, for the accountability and safeguarding of such forms. Loss or theft of accountable forms must be promptly reported to the County Auditor's Office. The written notification should include a statement of the circumstances concerning the loss. Accountable forms reported lost or stolen must be marked "Void" in the electronic application system. Management must also monitor all missing accountable forms to determine if there is a pattern meriting further investigation, modification of procedures, retraining of personnel, or disciplinary action. Furthermore, the supervisor should verify that the permits previously issued to the cashier have been sold prior to issuing additional permits.

The County Auditor's Office requires that cash receipts be deposited intact on a daily basis. A county officer is personally liable for the loss of funds (e.g., shortage, acceptance of counterfeit bill, hot check, credit card charge backs, etc.) while in his/her possession in the performance of official duties. Shortages must be replenished or indemnified.

Failure to ensure that cash receipts are deposited intact on a daily basis and permits are properly accounted and safeguarded may result in the loss of County revenue.

Recommendation:

Management should ensure that permits are properly accounted and safeguarded. At a minimum, the procedures noted above should be implemented. The unaccounted permits should also be voided in the Solid Waste Disposal Application Program. In addition, management should replenish the shortages or request indemnification for the \$75.00 resulting from missing permits.

Please provide a written management response to the observation noted above by December 29, 2021.

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 DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 97th 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, 332nd D.C.

NOE GONZALEZ
JUDGE, 378th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389th D.C.

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

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

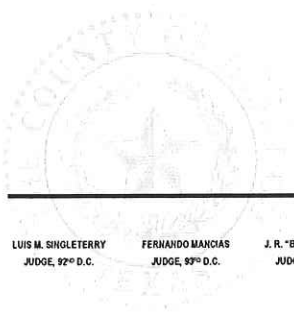
RENEE R. BETANCOURT
JUDGE, 449th D.C.

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

The Honorable Everardo Villarreal
December 9, 2021
Page 3 of 3

Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Mr. Martin Garza, Chief Administrator, Hidalgo County Precinct No. 3
Ms. Norma Ceballos, Executive Assistant III, Hidalgo County Precinct No. 3



HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 97TH D.C.

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

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JUDGE, 430TH D.C.

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

JOSE "JOE" RAMIREZ
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



December 3, 2021

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

Re: Sanitation Program MFR for April 2021 through August 2021

Dear Commissioner Torres:

We conducted a limited scope review of the Sanitation Program *Monthly Fee Report* (MFR) and supporting documentation for the months of April 2021 through August 2021 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.

Executive Summary:

Fees collected were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees requires improvement. More specifically, there was an overage on April 5, 2021 and April 8, 2021 of \$100.00 and \$5.00, respectively. The \$100 overage was not recorded on the *Daily Close-out Report* and MFR.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of April 2021 through August 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts and permits were issued in sequential order.
- Verified that procedures for voiding receipts and permits were properly followed.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 97TH D.C.

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

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

- Reviewed *Cashier's Daily Close-out Reports/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution on a daily basis.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Precinct; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, Close-out Reports, and the MFR were properly completed.

Conclusion:

Collections for the months of April 2021 through August 2021 totaled \$62,180.00, \$51,200.00, \$58,350.00, \$54,350.00, and \$55,150.00, respectively. Based on the review, we concluded that fees collected were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees requires improvement as noted in the observation below.

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 an overage on April 5, 2021 and April 8, 2021 in the amount of \$100.00 and \$5.00, respectively. The overage of \$100.00 was not recorded on the Close-out Report and MFR; however, the funds were deposited. According to staff, the \$100.00 overage was due to a closing reconciliation issue and for the \$5.00, two bills were stuck together. We were not able to receive further clarification from the department regarding the closing reconciliation issue.

The Cash Handling Guidelines and Procedures require cashiers to reconcile the cash drawer against receipts issued and the change fund using the Close-out Reports. Any shortages or overages must be documented on the Close-out Report. The reconciliation must be witnessed by another person. Both the cashier and the witness must verify that the Close-out Report is completed in its entirety and must sign to document their responsibility for this verification. After the deposit has been made, the County official or his/her designee must verify that the total amount on the bank validated deposit and County Treasurer receipt agrees to the total amount on the Close-out Report. The County official or his/her designee must sign the Close-out Report to document responsibility for reviewing and approving the Close-Out Report. Furthermore, on a monthly basis, the department must prepare a MFR. Total collection on the report must be reconciled to total receipts issued, Close-out Reports, and the deposits.

Failure to ensure that cashiers reconcile the cash drawer against receipts issued and the change fund using the Close-out report and MFR may increase the risk of loss of County funds.

Recommendation:

Management should ensure that cashiers reconcile the cash drawer against receipts issued and the change fund using the Close-out Report and MFR. At a minimum, the procedures noted above should be implemented. In addition, management should monitor all overages to determine if there is a pattern meriting further investigation, modification of collection procedures, retraining of personnel, or disciplinary action.

Please provide a written management response to the observation noted above by December 17, 2021.

If you have any questions, please contact Enrique Leal, Internal Auditor I, at 318-2511, ext. 4641, 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.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 99TH D.C.

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

ROSE GUERRA REYHA
JUDGE, 206TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 378TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

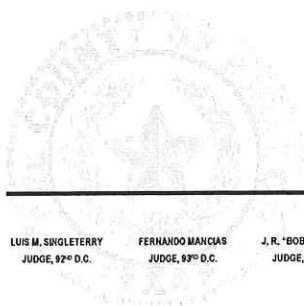
The Honorable Ellie Torres
December 3, 2021
Page 3 of 3

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Jennifer Mendoza Culbertson, Chief Administrator-Internal Affairs, Hidalgo County Precinct No. 4



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, 206TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

HOE GONZALEZ
JUDGE, 375TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

L. KENO VASQUEZ
JUDGE, 396TH D.C.

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

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

JOSE "JOE" RAMIREZ
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 7, 2021

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

Re: MFR for July 2021 through September 2021

Dear Mr. Garza:

We conducted a limited scope review of the Fire Marshal's *Monthly Fees Report* (MFR) and supporting documentation for the months of July 2021 through September 2021 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.

Executive Summary:

Fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of July 2021 through September 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR 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 *Daily Remittance* forms to determine if fees collected were properly accounted and deposited with the County Treasurer on or before the fifth day after the day on which the funds were received.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERY
JUDGE, 92nd D.C.

FERNANDO MANCIAS
JUDGE, 93rd D.C.

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

ROSE GUERRA REYNA
JUDGE, 206th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

HOE GONZALEZ
JUDGE, 370th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 383rd D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

- Verified that the collections per the MFR agreed to total receipts issued and the deposits made with the County Treasurer.
- Verified that receipts, *Daily Remittance* forms, and the MFR were properly completed.

Conclusion:

Collections for the months of July 2021 through September 2021 totaled \$22,243.00, \$13,669.00, and \$14,680.00, respectively. Based on the review, we concluded that fees were generally properly accounted and reported.

If you have any questions, please contact Enrique Leal, at 318-2511 ext. 4641, 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
Mr. Sulema Cavazos, Administrative Assistant II, Fire Marshal's Office



HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93rd D.C.

J. R. "BOBBY" FLORES
JUDGE, 133rd D.C.

ROSE GUERRA REYNA
JUDGE, 208th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

NOE GONZALEZ
JUDGE, 379th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389th D.C.

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

ISRAEL RAMON, JR.
JUDGE, 410th D.C.

RENEE R. BETANCOURT
JUDGE, 419th D.C.

JOSE "JOE" RAMIREZ
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 3, 2021

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

Re: MFR for June 2021 through October 2021

Dear Ms. Chapa:

We conducted a limited scope review of the *Monthly Fees Report* (MFR) and supporting documentation for the months of June 2021 to October 2021 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.

Executive Summary:

Fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the *Monthly Fees Report* for the months of June 2021 to October 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified receipts were issued in sequential order.
- Verified that procedures for voiding receipts were properly followed.
- Reviewed *Cashier's Daily Close-out Reports/Daily Remittance Forms* (Close-out Reports) 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 pursuant to Local Government Code §113.022.

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, 206th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

NOE GONZALEZ
JUDGE, 370th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 383rd D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

- Verified that the collections per the MFR agreed to 1.) total receipts issued by the Law Library; 2) total deposits made with the financial institution; and 3) total deposits made with the County Treasurer.
- Verified that receipts, *Daily Remittance/Close-out Forms*, and the MFR were properly completed.

Conclusion:

Collections for the months of June 2021 through October 2021 totaled \$410.50, \$292.50, \$645.75, \$383.50, and \$381.50, respectively. Based on the review, we concluded that fees collected were properly accounted and reported.

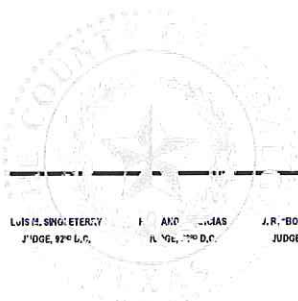
If you have any questions, please contact Enrique Leal, at 318-2511 ext. 4641, Reynaldo Cantu III, Compliance Audit Supervisor, at ext. 4654, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGO ETERGY JUDGE, 12 th D.C.	F. AND ...DAS JUDGE, 13 th D.C.	J.R. "BOBBY" FLORES JUDGE, 13 th D.C.	ROSE GUERRA REYNA JUDGE, 20 th D.C.	MARLA CUELLAR JUDGE, 27 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 32 nd D.C.	NOE GONZALEZ JUDGE, 37 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 38 th D.C.	L. KENO VASQUEZ JUDGE, 39 th D.C.	ISRAEL RAMON, JR. JUDGE, 40 th D.C.	RENEE R. BETANCOURT JUDGE, 44 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 46 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



December 14, 2021

The Honorable Everardo "Ever" Villarreal, Commissioner
Hidalgo County Precinct No. 3
724 North Breyfogle Rd.
Mission, Texas 78572

Re: Anzalduas Park MFR for September 2021

Dear Commissioner Villarreal:

We conducted a limited scope review of the Anzalduas Park *Monthly Fee Report* (MFR) and supporting documentation for the month of September 2021 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.

Executive Summary:

There were no collections for the month of September 2021 since the park was closed.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the month of September 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Reviewed *Cashier's Daily Close-out Reports/Daily Remittance Forms* (Close-out Reports) 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 pursuant to Local Government Code §113.022.

Conclusion:

There were no collections for the month of September 2021 since the park was closed.

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, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 322ND D.C. HOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 394TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C.

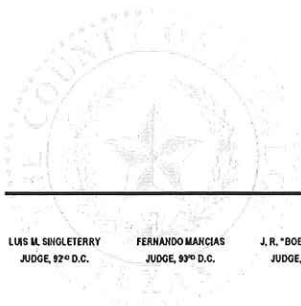
The Honorable Everardo Villarreal
December 14, 2021
Page 2 of 2

If you have any questions, please contact Enrique Leal, Internal Auditor I, at 318-2511, ext. 4641, 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
Mr. Martin Garza, Chief Administrator, Hidalgo County Precinct No. 3
Ms. Norma Ceballos, Executive Assistant III, Hidalgo County Precinct No. 3



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, 206th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

HOE GONZALEZ
JUDGE, 370th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 391st D.C.

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

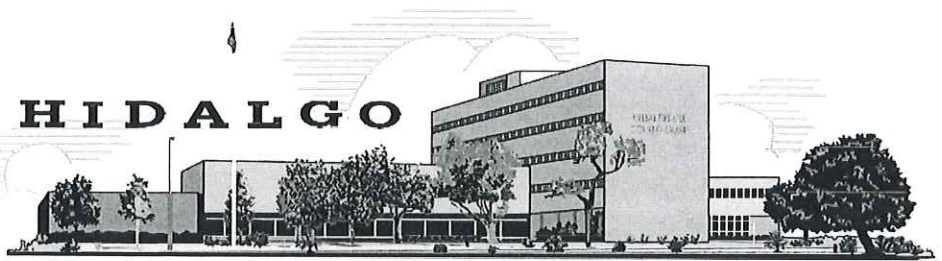
ISRAEL RAMON, JR.
JUDGE, 430th D.C.

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

December 14, 2021

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

Re: MFR for Sep-Oct 2021

Dear Mr. Arredondo:

We conducted a limited scope review of the *Monthly Fees Report* (MFR) and supporting documentation for the months of September 2021 and October 2021 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.

Executive Summary:

Fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of September 2021 and October 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR 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.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SIOLETTY
JUDGE, 92nd D.C.

BERNARDO MANCIAS
JUDGE, 93rd D.C.

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

ROSE GUERRA REYNA
JUDGE, 206th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

NOE GONZALEZ
JUDGE, 370th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 383rd D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

Mr. T.J. Arredondo
December 14, 2021
Page 2 of 2


- Verified that the collections per the MFR 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 MFR were properly completed.

Conclusion:

Collections for the months of September 2021 and October 2021 totaled \$279,397.72 and \$67,472.92, respectively. Based on the review, we concluded that fees collected were generally properly accounted and reported.

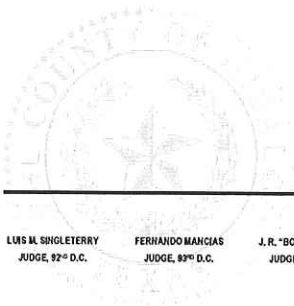
If you have any questions, please contact Michael Ramos, Internal Auditor I, at 318-2511, ext. 4644, Reynaldo Cantu III, Compliance Audit Supervisor, at ext. 4654, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Jorge Garcia, Division Manager, Planning Department



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 87 th D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYIA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 379 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ 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

December 2, 2021

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

Re: MFR for September 2021

Dear Ms. Ramon:

We conducted a limited scope review of the *Monthly Fees Report (MFR)* and supporting documentation for the month of September 2021 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.

Executive Summary:

We concluded that fees were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees requires improvement. More specifically, we noted that the Cashier's Close-Out Reports/Daily Remittance Reports were not properly completed.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the month of September 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR 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 MFR 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.

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, 206TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

- Verified that Close-out Reports were properly completed.

Conclusion:

Collections for the month of September 2021 totaled \$46,826.32. Based on the review, we have concluded that fees were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees requires improvement as noted in the following observation.

Observation No. 1:

We noted that 3 of 3 Close-out Reports did not include the signature on Part *III Acknowledgment and Approval* of the individual responsible for verifying that Treasurer's receipt agrees to the total amount to be deposited on the Close-out Report. According to Accountant II, she was unaware that the section needed to be filled out. Revised Cashier's Close-out Reports/Daily Remittance Forms were submitted to the County Auditor's Office.

Pursuant to the "Cash Handling Guidelines and Procedures" prescribed by the County Auditor's Office, the cashier, witness, and the County official or his/her designee must sign under Part *III Acknowledgment and Approval* to document responsibility for reviewing the Close-out Report.

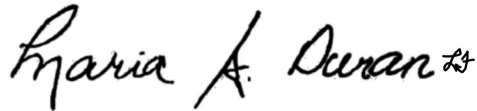
Failure to ensure that the Close-Out Reports are properly completed may result in the loss of County revenue.

Recommendation:

Management should ensure that the Close-Out Report is properly completed. Please refer to the "Daily Close-Out" section of the "Cash Handling Guidelines and Procedures" prescribed by the County Auditor's Office for the minimum procedures to be implemented when performing the daily close-out procedures.

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,



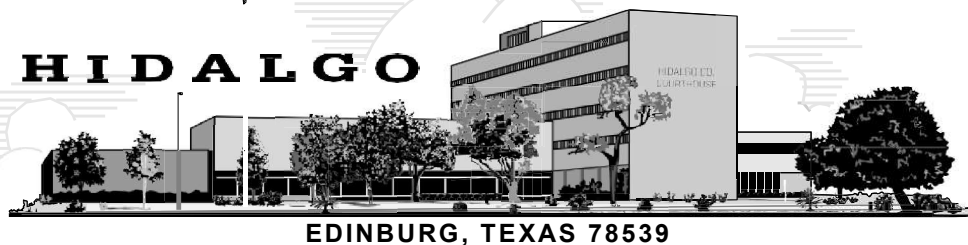
Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Ms. Hilda Salinas, Assistant Director, Elections
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator

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



December 14, 2021

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

Re: MFR for October 2021

Dear Ms. Ramon:

We conducted a limited scope review of the *Monthly Fees Report (MFR)* and supporting documentation for the month of October 2021 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.

Executive Summary:

We concluded that fees were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees requires improvement. We noted that 1 of 4 Cashier's Close-out Reports/Daily Remittance Forms and collections for the month of October 2021 were submitted to the County Treasurer's Office 11 days after the collection date.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the month of October 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR 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 MFR agreed to: 1.) total receipts issued; and 2.) total deposits made with the County Treasurer.

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
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JUDGE, 430th D.C.

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JUDGE, 449th D.C.

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

- 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.

Conclusion:

Collections for the month of October 2021 totaled \$35,921.92. Based on the review, we have concluded that fees were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees requires improvement as noted in the following observation.

Observation No. 1:

We noted that 1 of 4 Cashier's Close-out Reports and collections for the month of October 2021 were submitted to the County Treasurer's Office 11 days after the transactions date. According to the Accountant II, staff did not notify her there were collections to be remitted to the Hidalgo County Treasurer's Office. The Accountant II has instructed staff to notify her when there are collections so that the collections are deposited timely.

Pursuant to the "Cash Handling Guidelines and Procedures" prescribed by the County Auditor's Office, cash receipts must be deposited intact on a daily basis, unless the amount collected is less than \$100.00. In addition, Local Government Code §113.022 (b) states, "a county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received."

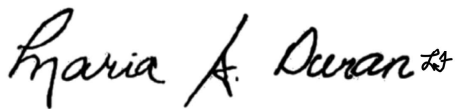
Failure to deposit collections along with the Cashier's Close-out Reports/Daily Remittance Forms to the Hidalgo County Treasurer's Office on a daily basis increases the risk that an employee could misappropriate funds.

Recommendation:

Management should ensure that collections and the Cashier's Close-out Reports are submitted on a daily basis.

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,
Ms. Hilda Salinas, Assistant Director, Elections
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator

HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO

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EDINBURG, TEXAS 78539

October 20, 2021

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

Re: Tax Collected Reports for August 2021

Dear Mr. Villarreal:

We conducted a limited scope review of the *Hidalgo County Taxes 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 2021 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.

Executive Summary:

Taxes, penalties, interest, and fees collected were not properly accounted and reported. Total deposits did not agree to the amount collected per the *Deposit Status Report - All Locations*.

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 Taxes 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 for the month of August 2021. 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 Taxes 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 Taxes Collected Reports* were signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *Hidalgo County Taxes Collected Reports* by footing and cross-footing the reports.

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.

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JUDGE, 430th D.C.

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

- Verified that taxes collected per the *Hidalgo County Taxes 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.
- Verified that modifications to the tax levy per the *Hidalgo County Taxes 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 received.
- 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 received.
- Reviewed the *Hidalgo County Taxes Collected Reports* and County Treasurer receipts for the month of August 2021 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* 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*.

Conclusion:

Collections for the month of August 2021 as reported on the *Hidalgo County Taxes Collected Report* 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 \$14,490,157.43. Based on the review, we concluded that taxes, penalties, interest, and fees collected were not properly accounted and reported (see Observation No. 1).

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*, as follows:

- Deposits were short a total of \$5.32.
- Deposits were over a total of \$105.12. A significant cash overage occurred on August 31, 2021 in the amount of \$100.00 at the Edinburg Tax Office.

The cash shortages were replenished with funds in the Cashier Over/Short balance sheet account. Overages are not remitted to the County Treasurer's Office; instead, they were recorded in the Cashier Over/Short balance sheet account.

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.

HIDALGO COUNTY DISTRICT JUDGES

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

Recommendation:

Management should retrain cashiers to ensure they 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:

- Transfer overages to the County Treasurer's miscellaneous revenue;
- Replenish shortages or request indemnification from Commissioners Court pursuant to Local Government Code §157.903;
- 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
- 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 observations noted above by October 29, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observation, please contact Abigail Espinoza, 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
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator

HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

November 2, 2021

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 the months of September 2021

Dear Mr. Villarreal:

We conducted a limited scope review of the *Hidalgo County Taxes 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 September 2021 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.

Executive Summary:

Based on the review, we concluded that taxes, penalties, interest, and fees collected were not properly accounted and reported. Total deposits did not agree to the amount collected per the *Deposit Status Report - All Locations*.

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 Taxes 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 for the month of September 2021. 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 Taxes 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 Taxes Collected Reports* were signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *Hidalgo County Taxes Collected Reports* by footing and cross-footing the reports.

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, 206th D.C.

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JUDGE, 398th D.C.

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JUDGE, 430th D.C.

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

- Verified that taxes collected per the *Hidalgo County Taxes 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.
- Verified that modifications to the tax levy per the *Hidalgo County Taxes 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 received.
- 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 received.
- Reviewed the *Hidalgo County Taxes Collected Reports* and County Treasurer receipts for the month of September 2021 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* 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*.

Conclusion:

Collections for the month of September 2021 as reported on the *Hidalgo County Taxes Collected Report* 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 \$3,325,263.66. Based on the review, we concluded that taxes, penalties, interest, and fees collected were not properly accounted and reported (see Observation No. 1).

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*, as follows:

- Deposits were short a total of \$513.67. Some significant shortages are as follows:
 - Cash shortage on September 3, 2021 in the amount of \$500.00 at the Mission Tax Office.
- Deposits were over a total of \$24.25.

The shortage was not reported to the Auditor's Office. The cash shortages were replenished with funds in the Cashier Over/Short balance sheet account. Overages are not remitted to the County Treasurer's Office; instead, they were recorded in the Cashier Over/Short balance sheet account.

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, the shortage must be immediately reported to the County Auditor's Office. If 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,

HIDALGO COUNTY DISTRICT JUDGES

retraining of personnel, or disciplinary action.

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

Recommendation:

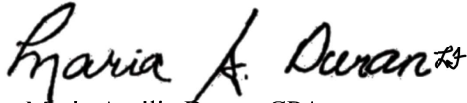
Management should retrain cashiers to ensure they verify that the receipt agrees to the amount collected, prior to issuing a receipt. In addition, management should develop and implement formal monitoring procedures to ensure that overages and shortages are properly accounted and reported. At a minimum, procedures should include the following:

- Transfer overages to the County Treasurer's miscellaneous revenue;
- Replenish shortages or request indemnification from Commissioners Court pursuant to Local Government Code §157.903;
- 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
- 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 12, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observation, please contact Abigail Espinoza, 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
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator

HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO



EDINBURG, TEXAS 78539

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December 10, 2021

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 the months of October 2021

Dear Mr. Villarreal:

We conducted a limited scope review of the *Hidalgo County Taxes 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 October 2021 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.

Executive Summary:

Based on the review, we concluded that taxes, penalties, interest, and fees collected were not properly accounted and reported. Total deposits did not agree to the amount collected per the *Deposit Status Report - All Locations*.

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 Taxes 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 for the month of October 2021. 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 Taxes 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 Taxes Collected Reports* were signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *Hidalgo County Taxes Collected Reports* by footing and cross-footing the reports.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93RD D.C.

J. R. "BOBBY" FLORES
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ISRAEL RAMON, JR.
JUDGE, 430TH D.C.

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

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

- Verified that taxes collected per the *Hidalgo County Taxes 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.
- Verified that modifications to the tax levy per the *Hidalgo County Taxes 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 received.
- 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 received.
- Reviewed the *Hidalgo County Taxes Collected Reports* and County Treasurer receipts for the month of October 2021 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* 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*.

Conclusion:

Collections for the month of October 2021 as reported on the *Hidalgo County Taxes Collected Report* 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 \$7,993,300.82. Based on the review, we concluded that taxes, penalties, interest, and fees collected were not properly accounted and reported (see Observation No. 1).

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*, as follows:

- Deposits were short a total of \$136.40. Some significant shortages are as follow:
 - Cash shortage on October 20, 2021 in the amount of \$100.00 at the Pharr Tax Office.
 - Cash shortage on October 29, 2021 in the amount of \$27.00 at the San Juan Tax Office.
- Deposits were over a total of \$123.07. Some significant overages are as follow:
 - Cash overage on October 1, 2021 in the amount of \$100.23 at the Edinburg Tax Office.

The shortages were not reported to the Auditor's Office. The cash shortages were replenished with funds in the Cashier Over/Short balance sheet account. Overages are not remitted to the County Treasurer's Office; instead, they are recorded in the Cashier Over/Short balance sheet account.

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, the shortage must be immediately reported to the County Auditor's Office. If 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

HIDALGO COUNTY DISTRICT JUDGES

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

Recommendation:


Management should retrain cashiers to ensure they 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:

- Transfer overages to the County Treasurer's miscellaneous revenue;
- Replenish shortages or request indemnification from Commissioners Court pursuant to Local Government Code §157.903;
- 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
- 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 December 17, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observation, please contact Abigail Espinoza, 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
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator

HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO

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2808 South Business Highway 281
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FAX: (956) 318-2577
WEBSITE: www.co.hidalgo.tx.us/auditor



December 2, 2021

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

Re: Fee MFR for April 2021 through June 2021

Dear Mr. Guajardo:

We conducted a limited scope review of the *Fee Monthly Fees Report (MFR)* for the months of April 2021 through June 2021 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 MFR for the months of April 2021 through June 2021. 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 MFR 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 MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the MFR agreed to: 1.) total receipts issued, 2.) total deposits made with the County Treasurer, and 3.) total deposits posted to *Alio's* Undistributed Receipts general ledger account.
- Verified the sequence of order numbers per the MFR agreed to order numbers issued in *Kofile*. In addition, verified that order numbers were issued in sequential order.
- Reviewed *Revenue Remittance Reports (Close-out Report)* and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, *Revenue Remittance Reports, Company Accounts Summary Report*, and a sample of bank deposit slips were properly completed.

Conclusion:

Collections for the months of April 2021 through June 2021 totaled \$586,760.42, \$548,337.28, and \$588,182.86, respectively. Based on the review, we concluded that fees were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs

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JUDGE, 464th D.C.

requires improvement as noted in the observations below.

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:

As of June 30, 2021, the fee account reflects a shortage of \$52.00 since a payment received from The Texas Workforce Commission (TWC) in the amount of \$26.00 was received 3 times on November 18, 2020, December 2, 2020 and January 8, 2021 without confirming that the payment had been received.

According to the County Clerk's Internal Auditor, the TWC electronically submits payments for documents (tax liens & foreclosures) that must be recorded timely. The documents are recorded and the fees are received prior to confirming that a payment was received. TWC submitted the documents several times causing the duplicate receipts. TWC confirmed that it was their error and agreed on submitting the additional payments for the duplicate documents; however, the funds have not been received.

The County Auditor's Office requires that a payment be made prior to issuing a receipt and performing a service. In addition, pursuant to Property Code §11.004, a county clerk shall correctly record, as required by law, *within a reasonable time after delivery*, any instrument authorized or required to be recorded in that clerk's office.

Failure to ensure a payment is received prior to issuing a receipt and performing a service may result in the loss or misuse of County funds

Recommendation:

Management should implement formal monitoring procedures to ensure that a payment is received prior to issuing a receipt and performing a service. In addition, the County Clerk's Office should contact TWC for payment. If collections efforts have been exhausted, management should request indemnification from Commissioners Court.

Observation No. 2:

On June 17, 2020, February 4, 2021, and March 29, 2021 the County Clerk received direct deposits in the amounts of \$26.00, \$78.00, and \$754.00, respectively, from the Texas Comptroller's Office. However, as of October 31, 2021 the deposits have not been received. According to County Clerk's Internal Auditor, deposits have not been received since documentation to support the payment has not been received from the Texas Comptroller's Office. Attempts to speak to a representative from the Texas Comptroller's Office have been made with no success.

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

Failure to receipt payments will result in inaccurate recording of County revenues.

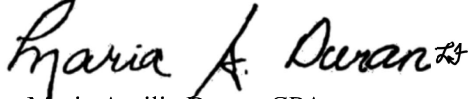
Recommendation:

Management should ensure that the funds are receipted and submitted to the County Treasurer's Office. In addition, if management determines that all efforts have been exhausted to obtain the require documentation, then a request to reimburse the funds to the Texas Comptroller's Office should be submitted to the County Auditor's Office.

HIDALGO COUNTY DISTRICT JUDGES

If you have any questions or would like to schedule a meeting, please contact Gricelda Quintero, Internal Auditor II, at 318-2511 ext. 4643, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Ms. Annette Muniz, Hidalgo County Clerk Chief Deputy
Ms. Berenize Alvarado, Hidalgo County Clerk Internal Auditor
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator

HIDALGO COUNTY DISTRICT JUDGES

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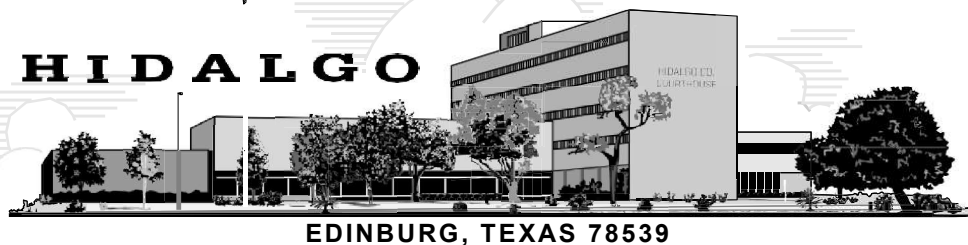
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December 15, 2021

The Honorable Gilberto Saenz
Hidalgo County Justice of the Peace Pct. 1, Pl. 1
1902 Joe Stephens, Suite 301
Weslaco, Texas 78596

Re: MFFR for Jul-Sep 2021

Dear Judge Saenz:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of July 2021 through September 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

1. 67 of 1,523 transactions during the months of July 2021 through September 2021 contained errors in the allocation of fines, fees and court costs.
2. Procedures for the Scofflaw Program have not been properly implemented.
3. 3 of 144 credit card transactions for the month of July 2021, 3 of 12 checks/money orders for the month of August 2021, and 3 of 132 credit card transactions for the month of August 2021 were receipted incorrectly.
4. The July 2021 and August 2021 Monthly Reports were submitted 7 days after the fifth day following the end of the month.
5. 4 of 55 online credit card transactions for the month of September 2021 were receipted 2 to 4 days after the date of transaction.
6. For 1 of 21 days in August 2021, collections were deposited at the bank 2 days after the collections were receipted.

Repeat Observations:

1. Two cash bonds posted on May 24, 2016 (1) and June 27, 2016 (1) by defendants who failed to appear before the Justice of the Peace were not forfeited (liquidated) by the 10th workday following the date of their release from jail.
2. Copies of the May 2013 and August 2013 through September 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to Office of Court Administration (OCA).

HIDALGO COUNTY DISTRICT JUDGES

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3. Four cases in which the defendant satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail in the months of February 2020 (1), March 2020 (2), and November 2020 (1) did not have the jail time credit applied to the case, the case status was not closed, and Sheriff's "Discharge" receipt number was not referenced on the case.

Scope:

The scope of the review was limited to collections reported by your office on the MFFRs for the months of July 2021 through September 2021. 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 MFFRs 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 MFFRs were signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFFRs by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the MFFRs 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff's "Discharge" receipt number was referenced on the case.
- Verified the sequence of receipts per the MFFRs agreed to *Odyssey's* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey's* Daily Balance Reports and *Alio's* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer's Office.
- Reviewed *Cashier's Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration's "Official Justice of the Peace Monthly Report" (OCA Report), and the MFFRs, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of July 2021 through September 2021 totaled \$72,610.80, \$65,490.65, and \$56,488.90, respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

HIDALGO COUNTY DISTRICT JUDGES

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

Observation No. 1:

We noted that 67 of 1,523 transactions during the months of July 2021 through September 2021 contained errors in the allocation of fines, fees, and court costs. Some of the errors resulted from the disposition date (judgment date) not being entered in *Odyssey*. The Justice of the Peace staff was notified of the required adjustments; however, the adjustments have not been completed. In addition, we noted that adjustments for prior months have not been completed. The lists of adjustments for prior months were previously provided. According to the Court Coordinator, she will work on the adjustments on Fridays.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. The Justice of the Peace is required to enter the disposition date (judgment date) in *Odyssey* to facilitate the collection of statutory fees and denial of registration by the Tax Assessor-Collector. In addition, the County Auditor's Office requires that adjustments be made within three days of notification.

Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Observation No. 2:

We reviewed 10 of 86 *Scofflaw Release Forms* for the month of August 2021. We noted that procedures for the Scofflaw Program have not been properly implemented as follows:

1. For 2 of 10 forms, the outstanding balance noted on the *Scofflaw Release Form* did not agree to the amount in *Odyssey*.
2. For 2 of 10 forms, the new outstanding balance was not handwritten by the Justice of the Peace and the *Scofflaw Release Form* did not contain the Judge's signature as approval of the change.
3. For 2 of 10 forms, the case disposition in *Odyssey* did not agree to the disposition entered on the *Scofflaw Release Form*.
4. For 4 of 10 forms, a copy of the official County receipt was not attached to the *Scofflaw Release Form* as proof of payment.
5. For 3 of 10 forms, the *Scofflaw Release Form* was signed and sealed (approved) by the authorized representative of the court prior to receipt of the "Motion to Dismiss" Form.
6. For 3 of 10 forms, a copy of the signed "Motion to Dismiss" Form was not attached to the *Scofflaw Release Form*.

HIDALGO COUNTY DISTRICT JUDGES

7. For 3 of 10 forms, the outstanding balance was not zeroed out and a case disposition was not entered in *Odyssey* prior to approving the *Scofflaw Release Form*.
8. For 3 of 10 forms, the approved *Scofflaw Release Form*, proof of dismissal, and “Motion to Dismiss” forms were not scanned and entered in *Odyssey*.
9. For 1 of 10 forms, the payment type was not selected on the *Scofflaw Release Form*.

According to the Court Coordinator, at the time the payments were made, the Justice of the Peace was not available to sign the *Scofflaw Release Forms*. Staff confirms the reduction of the fine with events/notes entered in *Odyssey*, prior to taking the payment. All other observations were due to an oversight.

On January 9, 2017, the County Auditor issued a letter to all the Justices of the Peace prescribing the procedures and implementing a revised *Scofflaw Release Form*. Individuals who are flagged "Scofflaw" are not able to register or renew their motor vehicle registration until a signed and sealed (approved) *Scofflaw Release Form* is received by the Hidalgo County Tax Assessor-Collector’s Motor Vehicle Division and the outstanding balance is paid in full. The following procedures should be implemented:

- a. The amount receipted in *Odyssey* must agree to the outstanding balance noted on the *Scofflaw Release Form*.
- b. If the Justice of the Peace exercises his discretion to reduce the outstanding fine, the new outstanding balance must be handwritten by the Justice of the Peace and his signature provided on the *Scofflaw Release Form* as approval of the change.
- c. The case disposition in *Odyssey* must agree to the disposition entered on the *Scofflaw Release Form*.
- d. A copy of the official County receipt must be attached to the *Scofflaw Release Form*.
- e. The approved *Scofflaw Release Form* must be signed and sealed (approved) by the authorized representative of the court only after receipt of the “motion/order to dismiss” form.
- f. The “Motion/Order to Dismiss” form must be attached to the *Scofflaw Release Form*.
- g. The outstanding balance must be zeroed out and a case disposition entered in *Odyssey* prior to approving the *Scofflaw Release Form*.
- h. The approved *Scofflaw Release Form* and proof of dismissal (i.e., insurance, inspection certificate, driver’s license, motion/order to dismiss form, etc.) must be scanned and attached to *Odyssey*.
- i. *Scofflaw Release Forms* should have the payment type and case disposition/status selected.

Failure to properly complete the *Scofflaw Release Form* and implement the procedures for the Scofflaw Program may result in the loss of County funds.

Recommendation:

Management should ensure that the *Scofflaw Release Forms* are properly completed and that the procedures for the Scofflaw Release program are properly followed. At a minimum, the procedures noted above should be implemented.

Observation No. 3:

We noted that 3 of 144 credit card transactions for the month of July 2021, 3 of 12 check/money order transactions for the month of August 2021, and 3 of 132 credit card transactions for the month of August 2021 were receipted incorrectly. The receipts had the following errors: payor’s address did not agree with the address on the payor’s check; no address entered; issued a receipt to a check with a date error; or incorrect reference number. According to the Court Coordinator, the errors were due to an oversight by clerks.

The County Auditor’s Office requires that all collections (i.e., cash, checks, credit card payments, etc.) received be promptly and properly receipted and referenced.

Failure to ensure that transactions are promptly and properly receipted with payor’s addresses and correct reference numbers may result in the loss or misuse of County funds.

HIDALGO COUNTY DISTRICT JUDGES

Recommendation:

Management should ensure that all transactions are receipted promptly and properly recorded and referenced. At a minimum, the procedures noted above should be implemented.

Observation No. 4:

We noted that the July 2021 and August 2021 Monthly Reports were both submitted 7 days after the fifth day following the end of the month. According to the Court Coordinator, the Monthly Reports were not submitted timely due to heavy workload and Justice of the Peace being out of the office.

Local Government Code §114.001 (b) states, “A monthly report must be filed within five days after the last day of each month.” Timely submittal of the Monthly Report helps ensure the proper accounting and accurate projection of county revenues.

Failure to ensure that the Monthly Report is submitted to the County Auditor’s Office within five days after the last day of each month may result in the improper accounting and inaccurate projection of the County revenues.

Recommendation:

Management should ensure that the Monthly Report is submitted to the County Auditor’s Office within five days after the last day of each month.

Observation No. 5:

We noted that 4 of 55 online credit card transactions for the month of September 2021 were receipted 2 to 4 days after the date of transaction. Consequently, the applicable case dispositions were not recorded in *Odysey* in a timely manner. According to the Court Coordinator, the transactions were not receipted since staff was out on training.

The County Auditor’s Office requires that all collections (i.e., cash, checks, credit card payments, etc.) received be promptly recorded and controlled using pre-numbered official County receipts. The case dispositions should be recorded in *Odysey* upon receipt of payment.

Failure to ensure that credit card transactions are promptly receipted may result in the loss or misuse of County funds. In addition, failure to ensure that case dispositions are entered in a timely manner may result in the arrest of the defendant, in error.

Observation No. 6:

We noted that for 1 of 21 days in August 2021, collections were deposited at the bank 2 days after the collections were receipted. According to the Court Coordinator, the runner did not return the money bag timely.

Pursuant to the “Cash Handling Guidelines and Procedures” prescribed by the County Auditor’s Office, cash receipts must be deposited intact daily, unless the amount collected is less than \$100.00.

Failure to deposit collections daily increases the risk that loss or theft can occur.

Recommendation:

Management should develop and implement formal monitoring procedures to ensure that collections are deposited at the bank daily.

The observations below have been previously reported and have not been resolved.

Repeat Observation No. 1:

We noted that two cash bonds posted on May 24, 2016 (1) and June 27, 2016 (1) by defendants who failed to appear before the Justice of the Peace were not forfeited (liquidated) by the 10th workday following the date of their release from jail. To date, the bond received on June 27, 2016 has not been forfeited. In addition, according to staff, the bond received on May 24, 2016 cannot be forfeited due to technical complications with

HIDALGO COUNTY DISTRICT JUDGES

Odyssey. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Pursuant to Code of Criminal Procedure Article 45.044 (a)(2), “A justice or judge may enter a judgment of conviction and forfeit a cash bond posted by the defendant in satisfaction of the defendant’s fine and cost if the defendant fails to appear according to the terms of the defendant’s release.” Pursuant to the terms of the cash bond, the defendant must appear before the Justice of the Peace by the 10th workday following the date of their release from jail. If the defendant fails to appear, the Justice of the Peace may declare the cash bond forfeited, enter a judgment of guilty, assess a fine, and apply the cash bond to the payment of the imposed judgment.

Failure to ensure that bonds are liquidated in a timely manner may result in the defendant being assessed additional court costs and fees, in error.

Recommendation:

Management should ensure that cash bonds are liquidated in a timely manner. In addition, the continued assistance of the Information Technology Department should be requested until the problem has been resolved.

Repeat Observation No. 2:

Copies of the May 2013 and August 2013 through September 2021 Office of Court Administration’s “Official Justice of the Peace Monthly Reports” (OCA Reports) have not been submitted to Office of Court Administration (OCA). According to the Justice of the Peace staff, copies of the OCA Reports cannot be generated from *Odyssey* due to data entry errors. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure, and needs of the court system.

Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding the needs of the Hidalgo County court system.

Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that a properly completed court activity report is submitted to the OCA and to the County Auditor’s Office within 20 days after the last day of each month.

Repeat Observation No. 3:

We noted four cases in which the defendant satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail in the months of February 2020 (1), March 2020 (2), and November 2020 (1) did not have the jail time credit applied to the case, the case status was not closed, and Sheriff’s “Discharge” receipt number was not referenced on the case. According to the Court Coordinator, the jail time credit has not been applied due to work scheduling and being short staffed.

The County Auditor’s Office requires that case dispositions be promptly recorded in *Odyssey*. In addition, pursuant to Code of Criminal Procedure Article 45.017, docket books maintained by a justice of the peace court must contain the following information: (1) the style and file number of each criminal action; (2) the nature of the offense charged; (3) the plea offered by the defendant and the date the plea was entered; (4) the date the warrant, if any, was issued and the return made thereon; (5) the date the examination or trial was held, and if a trial was held, whether it was by a jury or by the justice; (6) the verdict of the jury, if any, and the date of the verdict; (7) the judgment and sentence of the court, and the date each was given; (8) the motion for new trial, if any, and the decision thereon; and (9) whether an appeal was taken and the date of that action. Pursuant to Code of Criminal Procedure Article 45.048, “a defendant placed in jail on account of failure to pay the fine and costs shall be

HIDALGO COUNTY DISTRICT JUDGES

discharged on habeas corpus by showing that the defendant:(1) is too poor to pay the fine and costs; or (2) has remained in jail a sufficient length of time to satisfy the fine and costs...”.

Failure to timely enter proper case dispositions may result in the arrest of the defendant, in error.


Recommendation:

Management should enter the jail time credit and change the case status as soon as possible. Management should ensure that proper case dispositions are entered in a timely manner (i.e., warrants are recalled; jail time credits are timely applied; cases are timely closed; and Sheriff’s “Discharge” receipt numbers are referenced) on cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and/or serving time in the Hidalgo County jail.

Please provide written management responses for the observations noted above by December 27, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Araceli A. Guillen, Internal Auditor I, at (956) 318-2511 at 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
Mr. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department
Mr. Sergio Cruz, Director, Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Luisa Ontiveros, Court Coordinator, Justice of the Peace Pct. 1, Pl. 1

HIDALGO COUNTY DISTRICT JUDGES

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

October 18, 2021

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

Re: MFFR for Apr-Jun 2021

Dear Judge Morales:

We conducted a limited scope review of the Monthly Fines and Fees Reports (MFFRs) and supporting documentation for the months of April 2021 through June 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

1. 13 of 1,383 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs.
2. Procedures for the Scofflaw Program have not been properly implemented.

Repeat Observations:

1. Copies of the April 2014 through June 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA).

Scope:

The scope of the review was limited to collections reported by your office on the *MFFRs* for the months of April 2021 through June 2021. 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 *MFFRs* 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 *MFFRs* were signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *MFFRs* by footing and cross-footing the reports.

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93rd D.C.

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

ROSE GUERRA REYNA
JUDGE, 206th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

NOE GONZALEZ
JUDGE, 370th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389th D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the *MFFRs* 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff's "Discharge" receipt number was referenced on the case.
- Verified the sequence of receipts per the *MFFRs* agreed to *Odyssey's* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey's* Daily Balance Reports and *Alio's* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer's Office.
- Reviewed *Cashier's Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration's "Official Justice of the Peace Monthly Report" (OCA Report), and the *MFFRs*, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of April 2021 through June 2021 totaled \$55,828.35, \$49,105.00, and \$52,161.44 respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

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 13 of 1,383 transactions during the months of January 2021 through March 2021 contained errors in the allocation of fines, fees, and court costs. The Justice of the Peace staff was notified of the required adjustments; and the adjustments have been completed. According to staff, there is insufficient time to verify that fines, fees, and court costs are applied correctly prior to receipting a payment.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. The Justice of the Peace is required to enter the disposition date (judgment date) in *Odyssey* to facilitate the collection of statutory fees and denial of registration by the Tax Assessor-Collector. In addition, the County Auditor's Office requires that adjustments be made within three days of notification.

Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 449th D.C.

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JUDGE, 464th D.C.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Observation No. 2:

We randomly selected 9 of 60 *Scofflaw Release Forms* for the month of June 2021. We noted that procedures for the Scofflaw Program have not been properly implemented as follows:

1. For 2 of 9 cases, the outstanding balance was not paid in full, instead the defendant was placed on a time payment plan.
2. For 2 of 9 cases, the outstanding fine was reduced; however, the new outstanding balance was not handwritten by the Justice of the Peace and his signature was not provided on the *Scofflaw Release Form* as approval of the change.
3. For 3 of 9 cases, the amount receipted in *Odyssey* did not agree to the outstanding balance noted on the *Scofflaw Release Form*.
4. For 2 of 9 cases, the payment type was not selected.
5. For 7 of 9 cases, case disposition/status was not selected.
6. For 4 of 9 cases, the Official County receipt number was not noted on the *Scofflaw Release Form*.
7. For 1 of 9 cases, the outstanding balance was not zeroed out and a case disposition was not entered in *Odyssey* prior to approving the *Scofflaw Release Form*.
8. For 1 of 9 cases, proof of dismissal and "Motion to Dismiss" form was not scanned and entered in *Odyssey*.

According to the Court Coordinator, the procedures were not properly completed due to an oversight.

On January 9, 2017, the County Auditor issued a letter to all the Justices of the Peace prescribing the procedures and implementing a revised *Scofflaw Release Form*. Individuals who are flagged "Scofflaw" are not able to register or renew their motor vehicle registration until a signed and sealed (approved) *Scofflaw Release Form* is received by the Hidalgo County Tax Assessor-Collector's Motor Vehicle Division and the outstanding balance is paid in full. The following procedures should be implemented:

- a. If the Justice of the Peace exercises his discretion to reduce the outstanding fine, the new outstanding balance must be handwritten by the Justice of the Peace and his signature provided on the *Scofflaw Release Form* as approval of the change.
- b. The amount receipted in *Odyssey* must agree to the outstanding balance noted on the *Scofflaw Release Form*.
- c. *Scofflaw Release Forms* should have the payment type and case disposition/status selected.
- d. *Scofflaw Release Forms* should have the official County receipt noted.
- e. The outstanding balance must be zeroed out and a case disposition entered in *Odyssey* prior to approving the *Scofflaw Release Form*. The case disposition must agree to the disposition entered on the *Scofflaw Release Form*.
- f. The approved *Scofflaw Release Form* and proof of dismissal (i.e., insurance, inspection certificate, driver's license, motion/order to dismiss form, etc.) must be scanned and attached to *Odyssey*.

Failure to properly complete the *Scofflaw Release Form* and implement the procedures for the Scofflaw Program may result in the loss of County funds.

HIDALGO COUNTY DISTRICT JUDGES

Recommendation:

Management should ensure that the *Scofflaw Release Form* is properly completed and that the procedures for the Scofflaw program are properly followed. At a minimum, the procedures noted above should be implemented.

The observation below has been previously reported and has not been resolved.

Repeat Observation No. 1:

Copies of the April 2014 through June 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According to Justice of the Peace staff, copies of the OCA Reports have not been submitted since the amounts identified on the reports are not correct. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure, and needs of the court system.

Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding needs of the Hidalgo County court system.

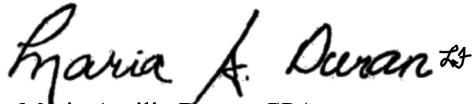
Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that a properly completed court activity report is submitted to the OCA and the County Auditor's Office within 20 days after the last day of each month.

Please provide written management responses for the observations noted above by September 24, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, 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. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Irene Cardenas, Court Coordinator, Justice of the Peace Pct. 1, Pl. 2

HIDALGO COUNTY DISTRICT JUDGES

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OVERSEER

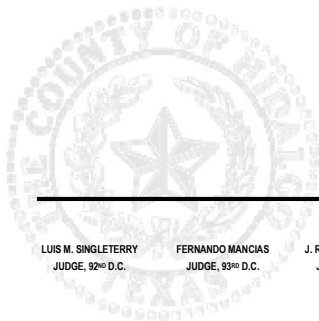
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COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
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FAX: (956) 318-2577
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December 17, 2021

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

Re: MFFR Jul-Sep 2021

Dear Judge Morales:

We conducted a limited scope review of the Monthly Fines and Fees Reports (MFFRs) and supporting documentation for the months of July 2021 through September 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

1. 6 of 1,072 transactions during the months of July 2021 through September 2021 contained errors in the allocation of fines, fees, and court costs.
2. Procedures for the Scofflaw Program have not been properly implemented.

Repeat Observations:

1. Copies of the April 2014 through September 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA).

Scope:

The scope of the review was limited to collections reported by your office on the MFFRs for the months of July 2021 through September 2021. 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 MFFRs 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).

HIDALGO COUNTY DISTRICT JUDGES

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

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JUDGE, 449TH D.C.

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

- Verified that the MFFRs were signed by an authorized signatory as documented on the “Authorized Signatories Form.”
- Verified the mathematical accuracy of the MFFRs by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the MFFRs 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff’s “Discharge” receipt number was referenced on the case.
- Verified the sequence of receipts per the MFFRs agreed to *Odyssey’s* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey’s* Daily Balance Reports and *Alio’s* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer’s Office.
- Reviewed *Cashier’s Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration’s “*Official Justice of the Peace Monthly Report*” (OCA Report), and the MFFRs, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of July 2021 through September 2021 totaled \$38,706.15, \$39,254.47, and \$41,661.00 respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

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 6 of 1,072 transactions during the months of July 2021 through September 2021 contained errors in the allocation of fines, fees, and court costs. The Justice of the Peace staff was notified of the required adjustments; and the adjustments have been completed. According to staff, there is insufficient time to verify that fines, fees, and court costs are applied correctly prior to receiving a payment.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. The Justice of the Peace is required to enter the disposition date (judgment date) in *Odyssey* to facilitate the collection of statutory fees and denial of registration by the Tax Assessor-Collector. In addition, the County Auditor’s Office requires that adjustments be made within three days of notification.

HIDALGO COUNTY DISTRICT JUDGES

Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Observation No. 2:

We randomly selected 10 of 82 *Scofflaw Release Forms* for the month of September 2021. We noted that procedures for the Scofflaw Program have not been properly implemented as follows:

1. For 6 of 10 forms, the outstanding fine was reduced; however, the new outstanding balance was not handwritten by the Justice of the Peace and his signature was not provided on the *Scofflaw Release Form* as approval of the change.
2. For 1 of 10 forms, a case disposition was not entered in *Odyssey* prior to approving the *Scofflaw Release Form*.
3. For 4 of 10 forms, the case disposition/status was not selected.

According to the Court Coordinator, the procedures were not properly completed due to an oversight.

On January 9, 2017, the County Auditor issued a letter to all the Justices of the Peace prescribing the procedures and implementing a revised *Scofflaw Release Form*. Individuals who are flagged "Scofflaw" are not able to register or renew their motor vehicle registration until a signed and sealed (approved) *Scofflaw Release Form* is received by the Hidalgo County Tax Assessor-Collector's Motor Vehicle Division and the outstanding balance is paid in full. The following procedures should be implemented:

- a. If the Justice of the Peace exercises his discretion to reduce the outstanding fine, the new outstanding balance must be handwritten by the Justice of the Peace and his signature provided on the *Scofflaw Release Form* as approval of the change.
- b. The outstanding balance must be zeroed out and a case disposition entered in *Odyssey* prior to approving the *Scofflaw Release Form*. The case disposition must agree to the disposition entered on the *Scofflaw Release Form*.
- c. *Scofflaw Release Forms* should have the payment type and case disposition/status selected.

Failure to properly complete the *Scofflaw Release Form* and implement the procedures for the Scofflaw Program may result in the loss of County funds.

Recommendation:

Management should ensure that the *Scofflaw Release Form* is properly completed and that the procedures for the Scofflaw program are properly followed. At a minimum, the procedures noted above should be implemented.

HIDALGO COUNTY DISTRICT JUDGES

The observation below has been previously reported and has not been resolved.

Repeat Observation No. 1:

Copies of the April 2014 through September 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According to Justice of the Peace staff, copies of the OCA Reports have not been submitted since the amounts identified on the reports are not correct. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure, and needs of the court system.

Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding needs of the Hidalgo County court system.

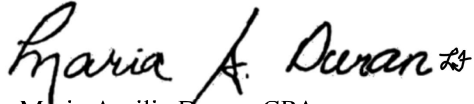
Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that a properly completed court activity report is submitted to the OCA and the County Auditor's Office within 20 days after the last day of each month.

Please provide written management responses for the observations noted above by December 30, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, 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. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Irene Cardenas, Court Coordinator, Justice of the Peace Pct. 1, Pl. 2

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.

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NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

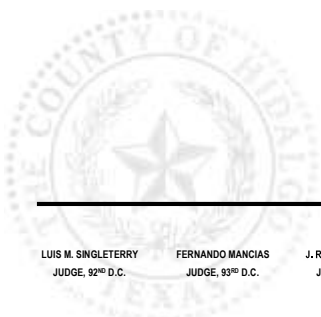
LETICIA LOPEZ
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JUDGE, 430TH D.C.

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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 18, 2021

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

Re: MFFR for Apr-Jun 2021

Dear Judge Contreras:

We conducted a limited scope review of the Monthly Fines and Fees Reports (MFFRs) and supporting documentation for the months of April 2021 through June 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

Current Observation:

1. 24 of 1,678 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs.

Repeat Observation:

1. Copies of the February 2013, September 2013, May 2014, and September 2014 through June 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA).

Scope:

The scope of the review was limited to collections reported by your office on the *MFFRs* for the months of April 2021 through June 2021. 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 *MFFRs* 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 *MFFRs* were signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *MFFRs* by footing and cross-footing the reports.

HIDALGO COUNTY DISTRICT JUDGES

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

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JUDGE, 93rd D.C.

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JUDGE, 138th D.C.

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OVERSEER

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JUDGE, 430th D.C.

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JUDGE, 449th D.C.

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the *MFFRs* 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff's "Discharge" receipt number was referenced on the case.
- Verified the sequence of receipts per the *MFFRs* agreed to *Odyssey's* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey's* Daily Balance Reports and *Alio's* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer's Office.
- Reviewed *Cashier's Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration's "Official Justice of the Peace Monthly Report" (OCA Report), and the *MFFRs*, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of April 2021 through June 2021 totaled \$85,652.18, \$82,499.48, and \$88,552.35, respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

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.

Current Observation No. 1:

We noted that 24 of 1,678 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs. The Justice of the Peace staff was notified of the required adjustments; and the adjustments have been completed. In addition, we noted that adjustments for prior months have not been completed. The lists of adjustments for prior months were previously provided. According to staff they are working on completing all the adjustments that were previously provided.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. The Justice of the Peace is required to enter the disposition date (judgment date) in *Odyssey* to facilitate the collection of statutory fees and denial of registration by the Tax Assessor-Collector. In addition, the County Auditor's Office requires that adjustments be made within three days of notification.

Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 464th D.C.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

The observation below has been previously reported and has not been resolved.

Repeat Observation No. 1:

Copies of the June 2014 through August 2014 and April 2015 through June 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According to Justice of the Peace staff, copies of the OCA Reports have not been submitted since the amounts identified on the reports are not correct. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure, and needs of the court system.

Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding needs of the Hidalgo County court system.


Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that a properly completed court activity report is submitted to the OCA and the County Auditor's Office within 20 days after the last day of each month.

Please provide written management responses for the observations noted above by October 29, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, 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. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Ofelia Ortiz, Court Coordinator, Justice of the Peace Pct. 2, Pl. 1

HIDALGO COUNTY DISTRICT JUDGES

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COUNTY of HIDALGO

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December 17, 2021

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

Re: MFFR for Jul-Sep 2021

Dear Judge Contreras:

We conducted a limited scope review of the Monthly Fines and Fees Reports (MFFRs) and supporting documentation for the months of July 2021 through September 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

Repeat Observations:

1. Adjustments to the allocation of fines, fees, and court costs that were received in error in prior months have not been completed.
2. Copies of the February 2013, September 2013, May 2014, and September 2014 through September 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA).

Scope:

The scope of the review was limited to collections reported by your office on the MFFRs for the months of July 2021 through September 2021. 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 MFFRs 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 MFFRs were signed by an authorized signatory as documented on the "Authorized Signatories Form."

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
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JUDGE, 464TH D.C.

- Verified the mathematical accuracy of the MFFRs by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the MFFRs 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff's "Discharge" receipt number was referenced on the case.
- Verified the sequence of receipts per the MFFRs agreed to *Odyssey's* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey's* Daily Balance Reports and *Alio's* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer's Office.
- Reviewed *Cashier's Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration's "*Official Justice of the Peace Monthly Report*" (OCA Report), and the MFFRs, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of July 2021 through September 2021 totaled \$82,087.18, \$81,422.46, and \$63,334.22, respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

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

The observations below have been previously reported and have not been resolved.

Repeat Observation No. 1:

We noted that adjustments to the allocation of fines, fees, and court costs that were receipted in error in prior months have not been completed. The lists of adjustments for prior months were previously provided. According to staff they are working on completing all the adjustments that were previously provided.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. The Justice of the Peace is required to enter the disposition date (judgment date) in *Odyssey* to facilitate the collection of statutory fees and denial of registration by the Tax Assessor-Collector. In addition, the County Auditor's Office requires that adjustments be made within three days of notification.

HIDALGO COUNTY DISTRICT JUDGES

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Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Repeat Observation No. 2:

Copies of the June 2014 through August 2014 and April 2015 through September 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According to Justice of the Peace staff, copies of the OCA Reports have not been submitted since the amounts identified on the reports are not correct. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure, and needs of the court system.

Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding needs of the Hidalgo County court system.

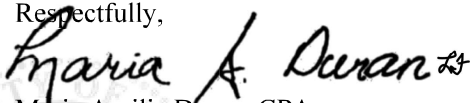
Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that a properly completed court activity report is submitted to the OCA and the County Auditor's Office within 20 days after the last day of each month.

Please provide written management responses for the observations noted above by December 27, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

HIDALGO COUNTY DISTRICT JUDGES

The Honorable Bobby Contreras
December 17, 2021
Page 4 of 4

cc: Mr. Valde Guerra, County Executive Officer
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Ofelia Ortiz, Court Coordinator, Justice of the Peace Pct. 2, Pl. 1

HIDALGO COUNTY DISTRICT JUDGES

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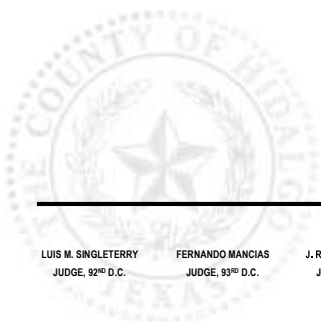
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COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

October 18, 2021

The Honorable Jaime J. Muñoz
Hidalgo County Justice of the Peace Pct. 2, Pl. 2
300 W. Hall Acres, St. B
Pharr, Texas 78577

Re: *MFFR* for Apr-Jun 2021

Dear Judge Muñoz:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of April 2021 through June 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

Current Observations:

1. 54 of 2,006 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs.
2. Collections for 45 of 63 days for April 2021 through June 2021 were deposited at the bank 2 to 4 days after collections were received.
3. 5 cases in which defendants satisfied outstanding fines, fees, and court costs by serving time at the Hidalgo County jail in the months of January 2020 (1), February 2020 (1), September 2020 (1), February 2021 (1), and May 2021 (1) did not have the jail time credit applied to the cases, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the case.
4. 6 of 167 online credit card transactions for the month of April 2021 and 1 of 139 online credit card transactions for the month of May 2021 were received 54 days and 58 days, respectively, after the date of transaction.

Repeat Observations:

1. 1 cash bond posted on October 4, 2016 by a defendant who failed to appear before the Justice of the Peace was not forfeited (liquidated) by the 10th workday following the date of their release from jail.
2. Copies of the January 2015 through June 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA).
3. April 2021 through June 2021 the "Schedules of Receipts and Deposits" were approved by an individual who did not have the authorization to do so based on the "Authorized Signatories Form" filed on May 30, 2017 with the County Auditor's Office.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 92nd D.C.

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JUDGE, 93rd D.C.

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

ROSE GUERRA REYNA
JUDGE, 206th D.C.

MARLA CUELLAR
JUDGE, 275th D.C.

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

NOE GONZALEZ
JUDGE, 370th D.C.
OVERSEER

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JUDGE, 389th D.C.

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JUDGE, 398th D.C.

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

Scope:

The scope of the review was limited to collections reported by your office on the MFFRs for the months of April 2021 through June 2021. 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 *MFFRs* 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 *MFFRs* were signed by an authorized signatory as documented on the “Authorized Signatories Form.”
- Verified the mathematical accuracy of the *MFFRs* by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the *MFFRs* 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff’s “Discharge” receipt number was referenced on the case.
- Verified the sequence of receipts per the *MFFRs* agreed to *Odyssey’s* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey’s* Daily Balance Reports and *Alio’s* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer’s Office.
- Reviewed *Cashier’s Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration’s “*Official Justice of the Peace Monthly Report*” (OCA Report), and the *MFFRs*, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of April 2021 through June 2021 totaled \$141,822.14, \$163,653.96, and \$193,477.12, respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

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 54 of 2,006 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs. The Justice of the Peace staff was notified of the required adjustments;

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however, the adjustments have not been completed. In addition, we noted that adjustments for prior months have not been completed. The lists of adjustments for prior months were previously provided. According to the Court Coordinator, staff does not consistently verify that fines, fees, and court costs have been properly assessed prior to issuing receipts. In addition, due to a heavy workload, limited number of staff, and technical difficulties with *Odyssey*, the adjustments cannot be completed in a timely manner.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. In addition, the County Auditor's Office requires that adjustments be made within three days of notification.

Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Observation No. 2:

We noted that collections for 45 of 63 days for April 2021 through June 2021 were deposited at the bank 2 to 4 days after collections were receipted. According to the Court Coordinator, collections were not deposited timely due to having limited staff and a heavy workload.

Pursuant to the "Cash Handling Guidelines and Procedures" prescribed by the County Auditor's Office, cash receipts must be deposited intact on a daily basis, unless the amount collected is less than \$100.00.

Failure to deposit collections at the bank on a daily basis increases the risk that loss or theft can occur.

Recommendation:

Management should ensure that collections are deposited at the bank on a daily basis. A person should be designated to take the deposit to the bank regardless of the workload.

Observation No. 3:

We noted that 5 cases in which defendants satisfied outstanding fines, fees, and court costs by serving time at the Hidalgo County jail in the months of January 2020 (1), February 2020 (1), September 2020 (1), February 2021 (1), and May 2021 (1) did not have the jail time credit applied to the cases, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the case. According to the Court Coordinator, the cases were not closed due to an oversight.

The County Auditor's Office requires that case dispositions be promptly recorded in *Odyssey*. In addition, pursuant to Code of Criminal Procedure Article 45.048, "a defendant placed in jail on account of failure to pay the fine and costs shall be discharged on habeas corpus by showing that the defendant:(1) is too poor to pay the fine and costs; or (2) has remained in jail a sufficient length of time to satisfy the fine and costs..." The docket should reflect the jail time credit applied to the case.

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Failure to timely enter proper case dispositions may result in the arrest of the defendant, in error.

Recommendation:

Management should ensure that proper case dispositions are entered in a timely manner (i.e., warrants are recalled; cash payments and/or jail time credits are timely applied; cases are timely closed; and Sheriff's "Discharge" receipt numbers are referenced) on cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and/or serving time in the Hidalgo County jail.

Observation No. 4:

We noted that 6 of 167 online credit card transactions for the month of April 2021 and 1 of 139 online credit card transactions were receipted 54 days and 58 days, respectively after the date of transaction. Consequently, the applicable case dispositions were not recorded in *Odyssey* in a timely manner. According to the Court Coordinator, the credit card transactions were not receipted timely due to an oversight.

The County Auditor's Office requires that all collections (i.e., cash, checks, credit card payments, etc.) received be promptly recorded with the correct payment method and controlled using pre-numbered official County receipts. In addition, the case dispositions should be recorded in *Odyssey* upon receipt of payment.

Failure to ensure that credit card transactions are promptly receipted may result in the loss or misuse of County funds. In addition, failure to ensure that case dispositions are entered in a timely manner may result in the arrest of the defendant, in error.

Recommendation:

Management should ensure that the Court Coordinator verifies that all credit card transactions are promptly and correctly receipted and case dispositions are entered in a timely manner. An employee should be designated to receipt credit card transactions on a daily basis.

The observations below have been previously reported and have not been resolved.

Repeat Observation No. 1:

Copies of the June 2014 through August 2014 and April 2015 through June 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According to Justice of the Peace staff, copies of the OCA Reports have not been submitted since the amounts identified on the reports are not correct. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure, and needs of the court system.

Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding needs of the Hidalgo County court system.

Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that a properly completed court activity report is submitted to the OCA and the County Auditor's Office within 20 days after the last day of each month.

Repeat Observation No. 2:

Copies of the January 2015 through June 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According to Justice of the Peace staff, copies of the OCA Reports cannot be generated due to programming errors in *Odyssey*. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

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Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding the needs of the Hidalgo County court system.

Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that properly completed court activity report is submitted to the OCA and the County Auditor's Office within 20 days after the last day of each month.

Repeat Observation No. 3:

We noted that for the months of April 2021 through June 2021 the "Schedules of Receipts and Deposits" were approved by an individual who did not have the authorization to do so based on the "Authorized Signatories Form" filed on May 30, 2017 with the County Auditor's Office. According to the Court Coordinator, the individual approved the "Schedule of Receipts and Deposits" because it was believed that authorization had already been granted to approve the collections reports.

The County Auditor's office requires that a current "Authorized Signatories Form" be kept on file with employee's authorizations. Only those individuals who are expressly authorized to approve collections reports (which includes the "Schedule of Receipts and Deposits") on the "Authorized Signatories Form" should do so.

Failure to maintain on file a current "Authorized Signatories Form" may result in the delay of the review/audit of documents or invoices until the appropriate signature is obtained.


Recommendation:

Management should ensure that only those individuals who are authorized, approve the "Schedule of Receipts and Deposits". A revised "Authorized Signatories Form" should be submitted to the County Auditor's Office if a new individual is to be granted authorization to approve collection reports (which includes the "Schedule of Receipts and Deposits"). Please note that the revised form will supersede all authorizations and shall continue in force until a new authorization has been received by the County Auditor's Office.

Please provide written management responses for the observations noted above by October 29, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, 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. Daniel Salinas, Director, Information Technology Department
- Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
- Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department
- Mr. Sergio Cruz, Director, Department of Budget and Management
- Ms. Monica Salinas, Commissioners Court Administrator
- Ms. Juan Jasso, Court Coordinator, Justice of the Peace Pct. 2, Pl. 2

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



December 17, 2021

The Honorable Jaime J. Muñoz
Hidalgo County Justice of the Peace Pct. 2, Pl. 2
300 W. Hall Acres, St. B
Pharr, Texas 78577

Re: MFFR for Jul-Sep 2021

Dear Judge Muñoz:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of July 2021 through September 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

Current Observations:

1. 45 of 1,901 transactions during the months of July 2021 through September 2021 contained errors in the allocation of fines, fees, and court costs.
2. Collections for 45 of 64 days for July 2021 through September 2021 were deposited at the bank 2 to 6 days after collections were received.
3. 6 cases in which defendants satisfied outstanding fines, fees, and court costs by serving time at the Hidalgo County jail did not have the jail time credit applied to the cases, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the case.
4. 2 of 113 online credit card transactions for the month of July 2021, 8 of 169 online credit card transactions for the month of August 2021, and 2 of 118 online credit cards transactions for the month of September 2021 were received 29 to 54 days after the date of transaction.
5. The July 2021 and August 2021 *Monthly Reports* were submitted to the County Auditor's Office 5 and 20 days, respectively, after the fifth day following the end of the month.

Repeat Observations:

1. 1 cash bond posted on October 4, 2016 by a defendant who failed to appear before the Justice of the Peace was not forfeited (liquidated) by the 10th workday following the date of their release from jail.
2. Copies of the January 2015 through September 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA).
3. For the months of April 2021 through September 2021, the "Schedules of Receipts and Deposits" were

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approved by an individual who did not have the authorization to do so based on the “Authorized Signatories Form” filed on May 30, 2017 with the County Auditor’s Office.

Scope:

The scope of the review was limited to collections reported by your office on the MFFRs for the months of July 2021 through September 2021. 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 MFFRs 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 MFFRs were signed by an authorized signatory as documented on the “Authorized Signatories Form.”
- Verified the mathematical accuracy of the MFFRs by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the MFFRs 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff’s “Discharge” receipt number was referenced on the case.
- Verified the sequence of receipts per the MFFRs agreed to *Odyssey’s* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey’s* Daily Balance Reports and *Alio’s* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer’s Office.
- Reviewed *Cashier’s Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration’s “*Official Justice of the Peace Monthly Report*” (OCA Report), and the MFFRs, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of July 2021 through September 2021 totaled \$182,820.91, \$206,109.35, and \$198,922.04, respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

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.

HIDALGO COUNTY DISTRICT JUDGES

Observation No. 1:

We noted that 45 of 1,901 transactions during the months of July 2021 through September 2021 contained errors in the allocation of fines, fees, and court costs. The Justice of the Peace staff was notified of the required adjustments; however, the adjustments have not been completed. In addition, we noted that adjustments for prior months have not been completed. The lists of adjustments for prior months were previously provided. According to the Court Coordinator, staff does not consistently verify that fines, fees, and court costs have been properly assessed prior to issuing receipts. In addition, due to a heavy workload, limited number of staff, and technical difficulties with *Odyssey*, the adjustments cannot be completed in a timely manner.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. In addition, the County Auditor's Office requires that adjustments be made within three days of notification.

Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Observation No. 2:

We noted that collections for 45 of 64 days for July 2021 through September 2021 were deposited at the bank 2 to 6 days after collections were receipted. According to the Court Coordinator, collections were not deposited timely due to having limited staff and having a heavy workload.

Pursuant to the "Cash Handling Guidelines and Procedures" prescribed by the County Auditor's Office, cash receipts must be deposited intact on a daily basis, unless the amount collected is less than \$100.00.

Failure to deposit collections at the bank on a daily basis increases the risk that loss or theft can occur.

Recommendation:

Management should ensure that collections are deposited at the bank on a daily basis. A person should be designated to take the deposit to the bank regardless of the workload.

Observation No. 3:

We noted that 6 cases in which defendants satisfied outstanding fines, fees, and court costs by serving time at the Hidalgo County jail in the months of January 2020 (1), February 2020 (1), September 2020 (1), February 2021 (1), May 2021 (1), and June 2021 (1) did not have the jail time credit applied to the cases, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the case. According to the Court Coordinator, the cases were not closed due to an oversight.

The County Auditor's Office requires that case dispositions be promptly recorded in *Odyssey*. In addition, pursuant

HIDALGO COUNTY DISTRICT JUDGES

to Code of Criminal Procedure Article 45.048, “a defendant placed in jail on account of failure to pay the fine and costs shall be discharged on habeas corpus by showing that the defendant:(1) is too poor to pay the fine and costs; or (2) has remained in jail a sufficient length of time to satisfy the fine and costs...” The docket should reflect the jail time credit applied to the case.

Failure to timely enter proper case dispositions may result in the arrest of the defendant, in error.

Recommendation:

Management should ensure that proper case dispositions are entered in a timely manner (i.e., warrants are recalled; cash payments and/or jail time credits are timely applied; cases are timely closed; and Sheriff’s “Discharge” receipt numbers are referenced) on cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and/or serving time in the Hidalgo County jail.

Observation No. 4:

We noted that 2 of 113 online credit card transactions for the month of July 2021, 8 of 169 online credit card transactions for the month of August 2021, and 2 of 118 online credit cards transactions for the month of September 2021 were receipted 29 to 54 days after the date of transaction. Consequently, the applicable case dispositions were not recorded in *Odysey* in a timely manner. According to the Court Coordinator, the credit card transactions were not receipted timely due to an oversight.

The County Auditor’s Office requires that all collections (i.e., cash, checks, credit card payments, etc.) received be promptly recorded with the correct payment method and controlled using pre-numbered official County receipts. In addition, the case dispositions should be recorded in *Odysey* upon receipt of payment.

Failure to ensure that credit card transactions are promptly receipted may result in the loss or misuse of County funds. In addition, failure to ensure that case dispositions are entered in a timely manner may result in the arrest of the defendant, in error.

Recommendation:

Management should ensure that the Court Coordinator verifies that all credit card transactions are promptly and correctly receipted and case dispositions are entered in a timely manner. An employee should be designated to receipt credit card transactions on a daily basis.

Observation No. 5:

We noted that the July 2021 and August 2021 MFFRs were submitted to the County Auditor’s Office 5 and 20 days, respectively, after the fifth day following the end of the month. According to the Court Coordinator, the MFFRs were submitted late due to being short-staffed.

Local Government Code §114.001 (b) states, “A monthly report must be filed within five days after the last day of each month.” Timely submittal of the MFFR helps ensure the proper accounting and accurate projection of county revenues.

Failure to ensure that the MFFR is submitted to the County Auditor’s Office within five days after the last day of each month may result in the improper accounting and inaccurate projection of County revenues.

Recommendation:

Management should ensure the MFFR is submitted to the County Auditor’s Office within five days after the last day of each month.

The observations below have been previously reported and have not been resolved.

Repeat Observation No. 1:

We noted that 1 cash bond posted on October 4, 2016 by a defendant who failed to appear before the Justice of the Peace was not forfeited (liquidated) by the 10th workday following the date of their release from jail. According to the Court Coordinator, the bond has not been forfeited due to programming errors in *Odysey*. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

HIDALGO COUNTY DISTRICT JUDGES

Pursuant to Code of Criminal Procedure §45.044 (a)(2), “A justice or judge may enter a judgment of conviction and forfeit a cash bond posted by the defendant in satisfaction of the defendant’s fine and cost if the defendant fails to appear according to the terms of the defendant’s release.” Pursuant to the terms of the cash bond, the defendant must appear before the Justice of the Peace by the 10th workday following the date of their release from jail. If the defendant fails to appear, the Justice of the Peace may declare the cash bond forfeited, enter a judgment of guilty, assess a fine, and apply the cash bond to the payment of the imposed judgment.

Failure to ensure that bonds are liquidated in a timely manner may result in the defendant being assessed additional court cost and fees, in error.

Recommendation:

Management should ensure that cash bonds are liquidated in a timely manner. In addition, the continued assistance of the Information Technology Department should be requested until the problem has been resolved.

Repeat Observation No. 2:

Copies of the January 2015 through September 2021 Office of Court Administration’s “Official Justice of the Peace Monthly Reports” (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According to Justice of the Peace staff, copies of the OCA Reports cannot be generated due to programming errors in Odyssey. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure, and needs of the court system.

Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding the needs of the Hidalgo County court system.

Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that properly completed court activity report is submitted to the OCA and the County Auditor’s Office within 20 days after the last day of each month.

Repeat Observation No. 3:

We noted that for the months of April 2021 through September 2021 the “Schedules of Receipts and Deposits” were approved by an individual who did not have the authorization to do so based on the “Authorized Signatories Form” filed on May 30, 2017 with the County Auditor’s Office. According to the Court Coordinator, the individual approved the “Schedule of Receipts and Deposits” because it was believed that authorization had already been granted to approve the collections reports.

The County Auditor’s office requires that a current “Authorized Signatories Form” be kept on file with employee’s authorizations. Only those individuals who are expressly authorized to approve collections reports (which includes the “Schedule of Receipts and Deposits”) on the “Authorized Signatories Form” should do so.

Failure to maintain on file a current “Authorized Signatories Form” may result in the delay of the review/audit of documents or invoices until the appropriate signature is obtained.

Recommendation:

Management should ensure that only those individuals who are authorized, approve the “Schedule of Receipts and Deposits”. A revised “Authorized Signatories Form” should be submitted to the County Auditor’s Office if a new individual is to be granted authorization to approve collection reports (which includes the “Schedule of Receipts and Deposits”). Please note that the revised form will supersede all authorizations and shall continue in force until a new authorization has been received by the County Auditor’s Office.

HIDALGO COUNTY DISTRICT JUDGES

Please provide written management responses for the observations noted above by December 30, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, 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. Daniel Salina, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Juan Jasso, Court Coordinator, Justice of the Peace Pct. 2, Pl. 2

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.

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JUDGE, 206TH D.C.

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JUDGE, 430TH D.C.

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

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

October 18, 2021

The Honorable Dr. Sonia M. Treviño
Hidalgo County Justice of the Peace Pct. 3, Pl. 1
730 N. Breyfogle, Suite C
Mission, Texas 78572

Re: MFFR for Apr-Jun 2021

Dear Judge Trevino:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of April 2021 through June 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

Current Observations:

1. 39 of 2,938 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs.
2. May 2021 and June 2021 MFFRs were submitted to the County Auditor's Office 7 days and 17 days, respectively, after the fifth day following the end of the month.
3. 9 of 332 online credit card transactions during the month of April 2021 were receipted 2 to 27 days after the transaction date.

Repeat Observations:

1. Copies of the January 2015 through June 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA).

Scope:

The scope of the review was limited to collections reported by your office on the MFFRs for the months of April 2021 through June 2021. 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 *MFFRs* 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).

HIDALGO COUNTY DISTRICT JUDGES

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

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JUDGE, 138th D.C.

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JUDGE, 430th D.C.

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

- Verified that the MFFRs were signed by an authorized signatory as documented on the “Authorized Signatories Form.”
- Verified the mathematical accuracy of the MFFRs by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the *MFFRs* 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff’s “Discharge” receipt number was referenced on the case.
- Verified the sequence of receipts per the *MFFRs* agreed to *Odyssey’s* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey’s* Daily Balance Reports and *Alio’s* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer’s Office.
- Reviewed *Cashier’s Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration’s “*Official Justice of the Peace Monthly Report*” (OCA Report), and the *MFFRs*, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of April 2021 through June 2021 totaled \$157,332.86, \$132,927.98, and \$147,857.74, respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

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 39 of 2,938 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs. The Justice of the Peace staff was notified of the required adjustments; however, the adjustments have not been completed. According to the Court Coordinator, staff does not consistently verify that fines, fees, and court costs have been properly assessed prior to issuing receipts.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. In addition, the County Auditor’s Office requires that adjustments be made within three days of notification.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 464th D.C.



Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Observation No. 2:

We noted that the May 2021 and June 2021 MFFRs were submitted to the County Auditor’s Office 7 days and 17 days, respectively, after the fifth day following the end of the month. According to the Court Coordinator, the MFFRs were submitted late due to heavy workload and being short-staffed.

Local Government Code §114.001 (b) states, “A monthly report must be filed within five days after the last day of each month.” Timely submittal of the MFFRs helps ensure the proper accounting and accurate projection of county revenues.

Failure to ensure that the MFFR is submitted to the County Auditor’s Office within five days after the last day of each month may result in the improper accounting and inaccurate projection of County revenues.

Recommendation:

Management should ensure the MFFR is submitted to the County Auditor’s Office within five days after the last day of each month.

Observation No. 3:

We noted that 9 of 332 online credit card transactions during the month of April 2021 were receipted 2 to 27 days after the transaction date. Consequently, the applicable case dispositions were not recorded in *Odyssey* in a timely manner. According to the Court Coordinator, the transactions were not receipted timely due to an oversight.

The County Auditor’s Office requires that all collections (i.e., cash, checks, credit card payments, etc.) received be promptly recorded and controlled using pre-numbered official County receipts. In addition, the case dispositions should be recorded in *Odyssey* upon receipt of payment.

Failure to ensure that credit card transactions are promptly receipted may result in the loss or misuse of County funds. In addition, failure to ensure that case dispositions are entered in a timely manner may result in the arrest of the defendant, in error.

Recommendation:

Management should verify that all credit card transactions are promptly receipted and case dispositions are entered in a timely manner.

The observations below have been previously reported and have not been resolved.

Repeat Observation No. 1:

Copies of the January 2015 through June 2021 Office of Court Administration’s “Official Justice of the Peace Monthly Reports” (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According

HIDALGO COUNTY DISTRICT JUDGES

to Justice of the Peace staff, properly completed OCA Reports cannot be generated from *Odyssey* due to data entry errors. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure, and needs of the court system.

Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding the needs of the Hidalgo County court system.

Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that a properly completed court activity report is submitted to the OCA and the County Auditor's Office within 20 days after the last day of each month.

Please provide written management responses for the observations noted above by October 29, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, 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. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Debra Gonzalez, Court Coordinator, Justice of the Peace Pct. 3, Pl. 1

HIDALGO COUNTY DISTRICT JUDGES

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NOE GONZALEZ
JUDGE, 370th D.C.
OVERSEER

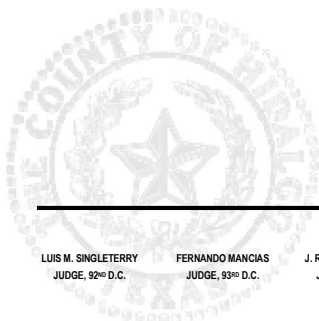
LETICIA LOPEZ
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COUNTY of HIDALGO

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



December 15, 2021

The Honorable Dr. Sonia M. Treviño
Hidalgo County Justice of the Peace Pct. 3, Pl. 1
730 N. Breyfogle, Suite C
Mission, Texas 78572

Re: MFFR for Jul-Sep 2021

Dear Judge Trevino:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of July 2021 through September 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

Current Observations:

1. 53 of 2,556 transactions during the months of July 2021 through September 2021 contained errors in the allocation of fines, fees, and court costs.
2. July 2021 and September 2021 MFFRs were submitted to the County Auditor's Office 15 days and 22 days, respectively, after the fifth day following the end of the month.
3. 54 of 320 online credit card transactions during the month of August 2021 were receipted 2 to 26 days after the transaction date.
4. Procedures for the Scofflaw Program have not been properly implemented.

Repeat Observations:

1. Copies of the January 2015 through September 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA).

Scope:

The scope of the review was limited to collections reported by your office on the MFFRs for the months of July 2021 through September 2021. 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.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 430TH D.C.

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

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the MFFRs 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 MFFRs were signed by an authorized signatory as documented on the “Authorized Signatories Form.”
- Verified the mathematical accuracy of the MFFRs by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the MFFRs 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff’s “Discharge” receipt number was referenced on the case.
- Verified the sequence of receipts per the MFFRs agreed to *Odyssey’s* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey’s* Daily Balance Reports and *Alio’s* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer’s Office.
- Reviewed *Cashier’s Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration’s “*Official Justice of the Peace Monthly Report*” (OCA Report), and the MFFRs, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of July 2021 through September 2021 totaled \$100,270.89, \$156,509.30, and \$119,111.94, respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

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 53 of 2,556 transactions during the months of July 2021 through September 2021 contained errors in the allocation of fines, fees, and court costs. The Justice of the Peace staff was notified of the required adjustments; however, the adjustments have not been completed. According to the Court Coordinator, staff does not consistently verify that fines, fees, and court costs have been properly assessed prior to issuing receipts.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners

HIDALGO COUNTY DISTRICT JUDGES

Court approval. In addition, the County Auditor's Office requires that adjustments be made within three days of notification.

Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Observation No. 2:

We noted that the July 2021 and September 2021 MFFRs were submitted to the County Auditor's Office 15 days and 22 days, respectively, after the fifth day following the end of the month. According to the Court Coordinator, the MFFRs were submitted late due to heavy workload and being short-staffed.

Local Government Code §114.001 (b) states, "A monthly report must be filed within five days after the last day of each month." Timely submittal of the MFFRs helps ensure the proper accounting and accurate projection of county revenues.

Failure to ensure that the MFFR is submitted to the County Auditor's Office within five days after the last day of each month may result in the improper accounting and inaccurate projection of County revenues.

Recommendation:

Management should ensure the MFFR is submitted to the County Auditor's Office within five days after the last day of each month.

Observation No. 3:

We noted that 54 of 320 online credit card transactions during the month of August 2021 were receipted 2 to 26 days after the transaction date. Consequently, the applicable case dispositions were not recorded in *Odyssey* in a timely manner. According to the Court Coordinator, the transactions were not receipted timely due to an oversight.

The County Auditor's Office requires that all collections (i.e., cash, checks, credit card payments, etc.) received be promptly recorded and controlled using pre-numbered official County receipts. In addition, the case dispositions should be recorded in *Odyssey* upon receipt of payment.

Failure to ensure that credit card transactions are promptly receipted may result in the loss or misuse of County funds. In addition, failure to ensure that case dispositions are entered in a timely manner may result in the arrest of the defendant, in error.

Recommendation:

Management should verify that all credit card transactions are promptly receipted and case dispositions are entered in a timely manner.

HIDALGO COUNTY DISTRICT JUDGES

Observation No. 4:

We randomly selected 10 of 103 *Scofflaw Release Forms* for the month of September 2021. We noted that procedures for the Scofflaw Program have not been properly implemented. For 2 of 10 cases, the outstanding fine was reduced; however, the new outstanding balance was not handwritten by the Justice of the Peace and his signature was not provided on the *Scofflaw Release Form* as approval of the change.

According to the Court Coordinator, the procedures were not properly completed due to an oversight.

On January 9, 2017, the County Auditor issued a letter to all the Justices of the Peace prescribing the procedures and implementing a revised *Scofflaw Release Form*. Individuals who are flagged "Scofflaw" are not able to register or renew their motor vehicle registration until a signed and sealed (approved) *Scofflaw Release Form* is received by the Hidalgo County Tax Assessor-Collector's Motor Vehicle Division and the outstanding balance is paid in full. The following procedures should be implemented:

- a. If the Justice of the Peace exercises his discretion to reduce the outstanding fine, the new outstanding balance must be handwritten by the Justice of the Peace and his signature provided on the *Scofflaw Release Form* as approval of the change.

Failure to properly complete the *Scofflaw Release Form* and implement the procedures for the Scofflaw Program may result in the loss of County funds.

Recommendation:

Management should ensure that the *Scofflaw Release Form* is properly completed and that the procedures for the Scofflaw program are properly followed. At a minimum, the procedures noted above should be implemented.

The observation below has been previously reported and has not been resolved.

Repeat Observation No. 1:

Copies of the January 2015 through September 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According to Justice of the Peace staff, properly completed OCA Reports cannot be generated from *Odyssey* due to data entry errors. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure, and needs of the court system.

Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding the needs of the Hidalgo County court system.

Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that a properly completed court activity report is submitted to the OCA and the County Auditor's Office within 20 days after the last day of each month.

Please provide written management responses for the observations noted above by December 27, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

HIDALGO COUNTY DISTRICT JUDGES

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Debra Gonzalez, Court Coordinator, Justice of the Peace Pct. 3, Pl. 1

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93RD D.C.

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JUDGE, 139TH D.C.

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JUDGE, 449TH D.C.

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
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October 18, 2021

The Honorable Juan "J.J." Peña
Hidalgo County Justice of the Peace Pct. 3, Pl. 2
730 Breyfogle, Suite A
Mission, Texas 78572

Re: MFFR for Apr-Jun 2021

Dear Judge Peña:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of April 2021 through June 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

Current Observations:

1. 167 of 1,556 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs.
2. 3 of 22 Close-out Reports for the month of April 2021, 1 of 21 Close-out Reports for the month of May 2021, and 7 of 22 Close-out Reports for the month of June 2021 were submitted to the County Treasurer's Office 2 to 6 days after the bank deposits were made.
3. 16 cases in which the defendants satisfied outstanding fines, fees, and court costs by making a cash payment and/or serving time in the Hidalgo County jail in December 2019 (2), January 2020 (2), February 2020 (2), March 2020 (1), June 2020 (1), July 2020 (1), August 2020 (1), November 2020 (1), December 2020 (2), January 2021 (1), March 2021 (1), and May 2021 (1) did not have the cash payment and/or jail time credit applied to the case, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the cases.
4. Procedures for the Scofflaw Program were not properly implemented.
5. 11 of 260 online credit card transactions for the month of April 2021, 7 of 89 online credit card transactions for the month of May 2021, and 10 of 226 online credit cards transactions for the month of June 2021 were received 2 to 34 days after the date of transaction.

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JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

Repeat Observations:

1. Copies of the January 2014 through June 2014 and September 2014 through June 2021 Office of Court Administration’s “Official Justice of the Peace Monthly Reports” (OCA Reports) have not been submitted to the Office of Court Administration (OCA).
2. 7 cash bonds posted in September 2015 (6) and October 2016 (1) by defendants who failed to appear before the Justice of the Peace were not forfeited (liquidated) by the 10th workday following the date of their release from jail.

Scope:

The scope of the review was limited to collections reported by your office on the MFFRs for the months of April 2021 through June 2021. 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 MFFRs 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 MFFRs were signed by an authorized signatory as documented on the “Authorized Signatories Form.”
- Verified the mathematical accuracy of the MFFRs by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the MFFRs 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff’s “Discharge” receipt number was referenced on the case.
- Verified the sequence of receipts per the MFFRs agreed to *Odyssey’s* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey’s* Daily Balance Reports and *Alio’s* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer’s Office.
- Reviewed *Cashier’s* Daily Close-out Reports (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration’s “Official Justice of the Peace Monthly Report” (OCA Report), and the MFFRs, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of April 2021 through June 2021 totaled \$132,195.65, \$144,465.42, and \$128,744.72, respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

HIDALGO COUNTY DISTRICT JUDGES

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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 167 of 1,556 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs. Some of the errors resulted from the disposition date (judgment date) not being entered in *Odyssey*. The Justice of the Peace staff was notified of the required adjustments; however, the adjustments have not been completed. In addition, we noted that adjustments for prior months have not been completed. The list of adjustments for prior months were previously provided. According to the Court Coordinator, she will be working adjustments monthly.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. The Justice of the Peace is required to enter the disposition date (judgment date) in *Odyssey* to facilitate the collection of statutory fees and denial of registration by the Tax Assessor-Collector. In addition, the County Auditor's Office requires that adjustments be made within three days of notification.

Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Observation No. 2:

We noted that 3 of 22 Close-out Reports for the month of April 2021, 1 of 21 Close-out Reports for the month of May 2021, and 7 of 22 Close-out Reports for the month of June 2021 were submitted to the County Treasurer's Office 2 to 13 days after the bank deposits were made. According to the Court Coordinator, the Close-out Reports were late due to understaffing, oversight, and/or heavy workload.

The County Auditor's Office requires that cashiers reconcile cash on hand to receipts issued and the approved change fund, if any, on a daily basis by utilizing the Close-out Report. On a daily basis, after the reconciliation is completed and the collections are deposited to the County's General Fund bank account, the Close-out Report along with the bank validated deposit slip must be submitted to the County Treasurer's Office. The County Treasurer's Office utilizes the Close-out Report, along with the bank validated deposit slip to timely receipt and account for the collections deposited to the County's General Fund bank account.

Failure to submit the daily Close-out Report along with the bank validated deposit slip prevents the County Treasurer's Office from recording the receipts into the accounting system on a timely basis and may increase the risk that an employee could misappropriate funds.

HIDALGO COUNTY DISTRICT JUDGES

Recommendation:

Management should ensure that the Close-out Report is submitted to the County Treasurer's Office on a daily basis after the daily deposit has been made.

Observation No. 3:

We noted that 16 cases in which the defendants satisfied outstanding fines, fees, and court costs by making a cash payment and/or serving time in the Hidalgo County jail in December 2019 (2), January 2020 (2), February 2020 (2), March 2020 (1), June 2020 (1), July 2020 (1), August 2020 (1), November 2020 (1), December 2020 (2), January 2021 (1), March 2021 (1), and May 2021 (1) did not have the cash payment and/or jail time credit applied to the case, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the cases. According to the Court Coordinator, although the Information Technology Department has provided training, they are behind due to heavy workload and understaffed.

The County Auditor's Office requires that case dispositions be promptly recorded in *Odyssey*. In addition, pursuant to Code of Criminal Procedure Article 45.048, "a defendant placed in jail on account of failure to pay the fine and costs shall be discharged on habeas corpus by showing that the defendant:(1) is too poor to pay the fine and costs; or (2) has remained in jail a sufficient length of time to satisfy the fine and costs..." The docket should reflect the jail time credit applied to the case.

Failure to timely enter proper case dispositions may result in the arrest of the defendant, in error.

Recommendation:

Management should continue to contact the Information Technology Department and request training on how to properly record jail time credit in *Odyssey*. In addition, management should ensure that proper case dispositions are entered in a timely manner (i.e., warrants are recalled; cash payments and/or jail time credits are timely applied; cases are timely closed; and Sheriff's "Discharge" receipt numbers are referenced) on cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and/or serving time in the Hidalgo County jail.

Observation No. 4:

We randomly selected 12 of 76 *Scofflaw Release Forms* for the month of June 2021. We noted that procedures for the Scofflaw Program have not been properly implemented as follows:

- For 4 of 12, the case disposition date did not agree to the disposition date entered on the *Scofflaw Release Form*.
- For 4 of 12, a copy of the official County receipt was not attached to the Scofflaw Release Form as proof of payment.
- For 3 of 12, the *Scofflaw Release Form* was signed and sealed by the authorized representative of the court prior to receipt of the "motion/order to dismiss" form.
- For 4 of 12, a copy of the signed "motion/order to dismiss" form was not attached to the *Scofflaw Release Form*.
- For 1 of 12, the outstanding balance was not zeroed out in *Odyssey*.
- For 2 of 12, the approved *Scofflaw Release Form* and "motion/order to dismiss" form were not scanned and entered in *Odyssey*.
- For 2 of 12, the official County receipt number was not noted on the *Scofflaw Release Form*.

The Court Coordinator stated that staff will work on *Scofflaw Release Form* procedures for dismissals and scanning forms into *Odyssey*.

On January 9, 2017, the County Auditor issued a letter to all the Justices of the Peace prescribing the procedures and implementing a revised *Scofflaw Release Form*. Individuals who are flagged "Scofflaw" are not able to register or renew their motor vehicle registration until a signed and sealed (approved) *Scofflaw Release Form* is received by the

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Hidalgo County Tax Assessor-Collector's Motor Vehicle Division and the outstanding balance is paid in full. The following procedures should be implemented:

- a. The case disposition date must agree to the disposition date entered on the *Scofflaw Release Form*.
- b. The copy of the official County receipt must be attached to the *Scofflaw Release Form* as proof of payment. An approved *Scofflaw Release Form* without a copy of the official County receipt is not valid.
- c. The *Scofflaw Release Form* must be signed and sealed (approved) by the authorized representative of the court only after receipt of the "motion/order to dismiss" form.
- d. A copy of the signed "motion/order to dismiss" form must be attached to the *Scofflaw Release Form*.
- e. The outstanding balance must be zeroed out and a case disposition must be entered in *Odyssey* prior to approving the *Scofflaw Release Form*.
- f. The proof of dismissal "motion/order to dismiss" form and the *Scofflaw Release Form* must be scanned and entered in *Odyssey*.
- g. The official County receipt number must be entered on the *Scofflaw Release Form*.

Failure to properly complete the *Scofflaw Release Form* and implement the procedures for the Scofflaw Program may result in the loss of County funds.

Recommendation:

Management should ensure that the *Scofflaw Release Forms* are properly completed and that the procedures for the Scofflaw Release program are properly followed. At a minimum, the procedures noted above should be implemented.

Observation No. 5:

We noted that 11 of 260 online credit card transactions for the month of April 2021, 7 of 89 online credit card transactions for the month of May 2021, and 10 of 226 online credit cards transactions for the month of June 2021 were receipted 2 to 34 days after the date of transaction. Consequently, the applicable case dispositions were not recorded in *Odyssey* in a timely manner. According to the Court Coordinator, the credit card transactions were not receipted timely due to clerk oversight and understaffed.

The County Auditor's Office requires that all collections (i.e., cash, checks, credit card payments, etc.) received be promptly recorded with the correct payment method and controlled using pre-numbered official County receipts. In addition, the case dispositions should be recorded in *Odyssey* upon receipt of payment.

Failure to ensure that credit card transactions are promptly receipted may result in the loss or misuse of County funds. In addition, failure to ensure that case dispositions are entered in a timely manner may result in the arrest of the defendant, in error.

Recommendation:

Management should ensure that the Court Coordinator verifies that all credit card transactions are promptly and correctly receipted and case dispositions are entered in a timely manner. An employee should be designated to receipt credit card transactions on a daily basis.

The observations below have been previously reported and have not been resolved.

Repeat Observation No. 1:

Copies of the January 2014 through June 2014 and September 2014 through June 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According to Justice of the Peace staff, copies of the OCA Reports cannot be generated due to programming errors in *Odyssey*. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the

HIDALGO COUNTY DISTRICT JUDGES

legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure, and needs of the court system.

Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding the needs of the Hidalgo County court system.

Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that a properly completed court activity report is submitted to the OCA and the County Auditor's Office within 20 days after the last day of each month.

Repeat Observation No. 2:

We noted that 7 cash bonds posted in September 2015 (6) and October 2016 (1) by defendants who failed to appear before the Justice of the Peace were not forfeited (liquidated) by the 10th workday following the date of their release from jail. According to the Court Coordinator, the bonds have not been forfeited due to issues with *Odyssey*. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Pursuant to Code of Criminal Procedure Article 45.044 (a)(2), "A justice or judge may enter a judgment of conviction and forfeit a cash bond posted by the defendant in satisfaction of the defendant's fine and cost if the defendant fails to appear according to the terms of the defendant's release." Pursuant to the terms of the cash bond, the defendant must appear before the Justice of the Peace by the 10th workday following the date of their release from jail. If the defendant fails to appear, the Justice of the Peace may declare the cash bond forfeited, enter a judgment of guilty, assess a fine, and apply the cash bond to the payment of the imposed judgment.

Failure to ensure that bonds are liquidated in a timely manner may result in the defendant being assessed additional court costs and fees, in error.

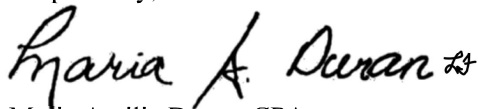
Recommendation:

Management should ensure that cash bonds are liquidated in a timely manner. In addition, the continued assistance of the Information Technology Department should be requested until the problem has been resolved.

Please provide written management responses for the observations noted above by October 29, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Araceli A. Guillen, Internal Auditor I, at 318-2511 ext. 4649, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department
Mr. Sergio Cruz, Director, Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Dana Rodriguez, Court Coordinator, Justice of the Peace Pct. 3, Pl. 2

HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO

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December 15, 2021

The Honorable Juan "J.J." Peña
Hidalgo County Justice of the Peace Pct. 3, Pl. 2
730 Breyfogle, Suite A
Mission, Texas 78572

Re: MFFR for Jul-Sep 2021

Dear Judge Peña:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of July 2021 through September 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

Current Observations:

1. 144 of 1,593 transactions during the months of July 2021 through September 2021 contained errors in the allocation of fines, fees, and court costs.
2. 6 of 22 Close-out Reports for the month of July 2021, 2 of 22 Close-out Reports for the month of August 2021, and 4 of 22 Close-out Reports for the month of September 2021 were submitted to the County Treasurer's Office 2 to 9 days after the bank deposits were made.
3. 19 cases in which the defendants satisfied outstanding fines, fees, and court costs by making a cash payment and/or serving time in the Hidalgo County jail did not have the cash payment and/or jail time credit applied to the case, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the cases.
4. Procedures for the Scofflaw Program were not properly implemented.
5. 29 of 138 online credit card transactions for the month of July 2021 were received 2 to 20 days after the date of transaction.
6. The September 2021 *Monthly Report* was submitted to the County Auditor's Office 8 days after the fifth day following the end of the month.

Repeat Observations:

1. Copies of the January 2014 through June 2014 and September 2014 through September 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA).

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2. 7 cash bonds posted in September 2015 (6) and October 2016 (1) by defendants who failed to appear before the Justice of the Peace were not forfeited (liquidated) by the 10th workday following the date of their release from jail.

Scope:

The scope of the review was limited to collections reported by your office on the MFFRs for the months of July 2021 through September 2021. 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 MFFRs 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 MFFRs were signed by an authorized signatory as documented on the “Authorized Signatories Form.”
- Verified the mathematical accuracy of the MFFRs by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the MFFRs 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff’s “Discharge” receipt number was referenced on the case.
- Verified the sequence of receipts per the MFFRs agreed to *Odyssey’s* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey’s* Daily Balance Reports and *Alio’s* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer’s Office.
- Reviewed *Cashier’s Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration’s “*Official Justice of the Peace Monthly Report*” (OCA Report), and the MFFRs, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of July 2021 through September 2021 totaled \$88,878.70, \$95,078.32, and \$91,890.53, respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

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

HIDALGO COUNTY DISTRICT JUDGES

with management's authorization and recorded properly.

Observation No. 1:

We noted that 144 of 1,593 transactions during the months of July 2021 through September 2021 contained errors in the allocation of fines, fees, and court costs. Some of the errors resulted from the disposition date (judgment date) not being entered in *Odyssey*. The Justice of the Peace staff was notified of the required adjustments; however, the adjustments have not been completed. In addition, we noted that adjustments for prior months have not been completed. The list of adjustments for prior months were previously provided. According to the Court Coordinator, she will be working adjustments monthly.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. The Justice of the Peace is required to enter the disposition date (judgment date) in *Odyssey* to facilitate the collection of statutory fees and denial of registration by the Tax Assessor-Collector. In addition, the County Auditor's Office requires that adjustments be made within three days of notification.

Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Observation No. 2:

We noted that 6 of 22 Close-out Reports for the month of July 2021, 7 of 22 Close-out Reports for the month of August 2021, and 4 of 22 Close-out Reports for the month of September 2021 were submitted to the County Treasurer's Office 2 to 9 days after the bank deposits were made. According to the Court Coordinator, the Close-out Reports were submitted late since they are understaffed.

The County Auditor's Office requires that cashiers reconcile cash on hand to receipts issued and the approved change fund, if any, on a daily basis by utilizing the Close-out Report. On a daily basis, after the reconciliation is completed and the collections are deposited to the County's General Fund bank account, the Close-out Report along with the bank validated deposit slip must be submitted to the County Treasurer's Office. The County Treasurer's Office utilizes the Close-out Report, along with the bank validated deposit slip to timely receipt and account for the collections deposited to the County's General Fund bank account.

Failure to submit the daily Close-out Report along with the bank validated deposit slip prevents the County Treasurer's Office from recording the receipts into the accounting system on a timely basis and may increase the risk that an employee could misappropriate funds.

HIDALGO COUNTY DISTRICT JUDGES

Recommendation:

Management should ensure that the Close-out Report is submitted to the County Treasurer's Office on a daily basis after the daily deposit has been made.

Observation No. 3:

We noted that 19 cases in which the defendants satisfied outstanding fines, fees, and court costs by making a cash payment and/or serving time in the Hidalgo County jail in December 2019 (2), January 2020 (2), February 2020 (2), March 2020 (1), June 2020 (1), July 2020 (1), August 2020 (1), November 2020 (1), December 2020 (2), January 2021 (1), March 2021 (1), May 2021 (1), July 2021 (2), and August 2021 (1) did not have the cash payment and/or jail time credit applied to the case, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the cases. According to the Court Coordinator, although the Information Technology Department has provided training, they are behind since they are understaffed.

The County Auditor's Office requires that case dispositions be promptly recorded in *Odyssey*. In addition, pursuant to Code of Criminal Procedure Article 45.048, "a defendant placed in jail on account of failure to pay the fine and costs shall be discharged on habeas corpus by showing that the defendant:(1) is too poor to pay the fine and costs; or (2) has remained in jail a sufficient length of time to satisfy the fine and costs..." The docket should reflect the jail time credit applied to the case.

Failure to timely enter proper case dispositions may result in the arrest of the defendant, in error.

Recommendation:

Management should ensure that proper case dispositions are entered in a timely manner (i.e., warrants are recalled; cash payments and/or jail time credits are timely applied; cases are timely closed; and Sheriff's "Discharge" receipt numbers are referenced) on cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and/or serving time in the Hidalgo County jail.

Observation No. 4:

We randomly selected 11 of 62 *Scofflaw Release Forms* for the month of September 2021. We noted that procedures for the Scofflaw Program have not been properly implemented as follows:

1. For 1 of 11 forms, the *Scofflaw Release Form* was signed and sealed (approved) by the authorized representative of the court prior to receipt of the "Motion to Dismiss" Form.
2. For 1 of 11 forms, a copy of the signed "Motion to Dismiss" Form was not attached to the *Scofflaw Release Form*.
3. For 3 of 11 forms, the case disposition did not agree to the disposition entered on the *Scofflaw Release Form*.
4. For 1 of 11 forms, the outstanding balance noted on the *Scofflaw Release Form* did not agree to the amount in *Odyssey*.
5. For 3 of 11 forms, a copy of the official County receipt was not attached to the *Scofflaw Release Forms* as proof of payment.
6. For 5 of 11 forms, the scofflaw collected, payment type, and/or case disposition/status were not selected on the *Scofflaw Release Forms*.

The Court Coordinator stated that staff will work on *Scofflaw Release Form* procedures for dismissals and scanning forms into *Odyssey*.

On January 9, 2017, the County Auditor issued a letter to all the Justices of the Peace prescribing the procedures and implementing a revised *Scofflaw Release Form*. Individuals who are flagged "Scofflaw" are not able to register or renew their motor vehicle registration until a signed and sealed (approved) *Scofflaw Release Form* is received by the Hidalgo County Tax Assessor-Collector's Motor Vehicle Division and the outstanding balance is paid in full. The following procedures should be implemented:

HIDALGO COUNTY DISTRICT JUDGES

- a. The *Scofflaw Release Form* should be signed and sealed (approved) by the authorized representative of the court only after receipt of the "Motion to Dismiss" form.
- b. The "Motion to Dismiss" Form must be attached to the *Scofflaw Release Form*.
- c. The case disposition must agree to the disposition entered on the *Scofflaw Release Form*.
- d. The outstanding balance noted on the *Scofflaw Release Form* must agree to the amount in *Odyssey*.
- e. The *Scofflaw Release Forms* should have a copy of the official county receipt attached as proof of payment. An approved *Scofflaw Release Form* without a copy of the official county receipt is not valid.
- f. The *Scofflaw Release Forms* should have the scofflaw collected, payment type, and/or case disposition/status selected.

Failure to properly complete the *Scofflaw Release Form* and implement the procedures for the Scofflaw Program may result in the loss of County funds.

Recommendation:

Management should ensure that the *Scofflaw Release Forms* are properly completed and that the procedures for the Scofflaw Release program are properly followed. At a minimum, the procedures noted above should be implemented.

Observation No. 5:

We noted that 29 of 138 online credit card transactions for the month of July 2021 were receipted 2 to 20 days after the date of transaction. Consequently, the applicable case dispositions were not recorded in *Odyssey* in a timely manner. In addition, 3 of 256 credit card transactions for the month of August 2021 were referenced incorrectly. According to the Court Coordinator, the credit card transactions were not receipted timely and were referenced incorrectly due to clerk oversight and being understaffed.

The County Auditor's Office requires that all collections (i.e., cash, checks, credit card payments, etc.) received be promptly recorded with the correct payment method, reference number and controlled using pre-numbered official County receipts. In addition, the case dispositions should be recorded in *Odyssey* upon receipt of payment.

Failure to ensure that credit card transactions are promptly receipted and correctly referenced may result in the loss or misuse of County funds. In addition, failure to ensure that case dispositions are entered in a timely manner may result in the arrest of the defendant, in error.

Recommendation:

Management should ensure that the Court Coordinator verifies that all credit card transactions are promptly and correctly receipted/referenced and case dispositions are entered in a timely manner.

Observation No. 6:

The September 2021 MFFR was submitted to the County Auditor's Office 8 days after the fifth day following the end of the month. According to the Court Coordinator, the MFFR was submitted late due to being out and understaffed.

Local Government Code §114.001 (b) states, "A monthly report must be filed within five days after the last day of each month." Timely submittal of the MFFR helps ensure the proper accounting and accurate projection of county revenues.

Failure to ensure that the MFFR is submitted to the County Auditor's Office within five days after the last day of each month may result in the improper accounting and inaccurate projection of the County revenues.

Recommendation:

Management should ensure the MFFR is submitted to the County Auditor's Office within five days after the last day of each month.

HIDALGO COUNTY DISTRICT JUDGES

The observations below have been previously reported and have not been resolved.

Repeat Observation No. 1:

Copies of the January 2014 through June 2014 and September 2014 through September 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According to Justice of the Peace staff, copies of the OCA Reports cannot be generated due to programming errors in *Odyssey*. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure, and needs of the court system.

Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding the needs of the Hidalgo County court system.

Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that a properly completed court activity report is submitted to the OCA and the County Auditor's Office within 20 days after the last day of each month.

Repeat Observation No. 2:

We noted that 7 cash bonds posted in September 2015 (6) and October 2016 (1) by defendants who failed to appear before the Justice of the Peace were not forfeited (liquidated) by the 10th workday following the date of their release from jail. According to the Court Coordinator, the bonds have not been forfeited due to issues with *Odyssey*. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Pursuant to Code of Criminal Procedure Article 45.044 (a)(2), "A justice or judge may enter a judgment of conviction and forfeit a cash bond posted by the defendant in satisfaction of the defendant's fine and cost if the defendant fails to appear according to the terms of the defendant's release." Pursuant to the terms of the cash bond, the defendant must appear before the Justice of the Peace by the 10th workday following the date of their release from jail. If the defendant fails to appear, the Justice of the Peace may declare the cash bond forfeited, enter a judgment of guilty, assess a fine, and apply the cash bond to the payment of the imposed judgment.

Failure to ensure that bonds are liquidated in a timely manner may result in the defendant being assessed additional court costs and fees, in error.

Recommendation:

Management should ensure that cash bonds are liquidated in a timely manner. In addition, the continued assistance of the Information Technology Department should be requested until the problem has been resolved.

Please provide written management responses for the observations noted above by December 27, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Araceli A. Guillen, Internal Auditor I, at 318-2511 ext. 4649, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 138th D.C.

ROSE GUERRA REYNA
JUDGE, 206th D.C.

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JUDGE, 275th D.C.

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JUDGE, 332nd D.C.

NOE GONZALEZ
JUDGE, 370th D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389th D.C.

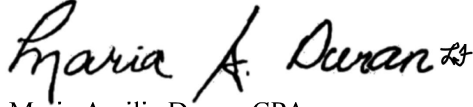
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JUDGE, 430th D.C.

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JUDGE, 449th D.C.

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

Respectfully,



Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department
Mr. Sergio Cruz, Director, Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Dana Rodriguez, Court Coordinator, Justice of the Peace Pct. 3, Pl. 2

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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



October 19, 2021

The Honorable Charlie Espinoza
Hidalgo County Justice of the Peace Pct. 4, Pl. 1
212 N. 12th Avenue
Edinburg, Texas 78541

Re: MFFR for Apr-Jun 2021

Dear Judge Espinoza:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of April 2021 through June 2021 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.

Executive Summary:

we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

Current Observations:

1. 65 of 3,312 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs.
2. 24 of 397 online credit card transactions in the month of May 2021, and 77 of 340 online credit card transactions in the month of June 2021 were receipted 3 to 10 days after the transaction date.

Repeat Observations:

1. Copies of the February 2013, September 2013, May 2014, and September 2014 through June 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA).
2. A \$400.00 appeal bond received on May 3, 2013 for docket number E12-09-880 has not been forwarded to the County Clerk or refunded to the defendant.
3. Five cash bonds posted September 2015 through March 2016 by defendants who failed to appear before the Justice of the Peace were not forfeited (liquidated) by the 10th workday following the date of their release from jail.
4. A mail log was not utilized during the months of April 2021 through June 2021 to record payments received through the mail.

Scope:

The scope of the review was limited to collections reported by your office on the MFFRs for the months of April 2021 through June 2021. 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.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 464th D.C.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the MFFRs 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 MFFRs were signed by an authorized signatory as documented on the “Authorized Signatories Form.”
- Verified the mathematical accuracy of the MFFRs by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the MFFRs 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff’s “Discharge” receipt number was referenced on the case.
- Verified the sequence of receipts per the MFFRs agreed to *Odyssey’s* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey’s* Daily Balance Reports and *Alio’s* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer’s Office.
- Reviewed *Cashier’s Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration’s “*Official Justice of the Peace Monthly Report*” (OCA Report), and the MFFRs, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of April 2021 through June 2021 totaled \$172,155.65, \$197,700.15, and \$164,159.29, respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

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.

Current Observations:

Observation No. 1:

We noted that 65 of 3,312 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs. The Justice of the Peace staff was notified of the required adjustments; however, the adjustments have not been completed. In addition, we noted that adjustments for prior months have not been completed. The lists of adjustments for prior months were previously provided. According to staff, they will attempt to check the fines, fees, and court costs prior to issuing receipts.

HIDALGO COUNTY DISTRICT JUDGES

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There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. In addition, the County Auditor's Office requires that adjustments be made within three days of notification.

Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Observation No. 2:

We noted that 24 of 397 online credit card transactions in the month of May 2021 and 77 of 340 online credit card transactions in the month of June 2021 were receipted 3 to 10 days after the transaction date. Consequently, the applicable case dispositions were not recorded in *Odyssey* in a timely manner. According to the Court Coordinator, the transactions were not receipted timely due to heavy workload.

The County Auditor's Office requires that all collections (i.e., cash, checks, credit card payments, etc.) received be promptly recorded and controlled using pre-numbered official County receipts. In addition, the case dispositions should be recorded in *Odyssey* upon receipt of payment.

Failure to ensure that credit card transactions are promptly receipted may result in the loss or misuse of County funds. In addition, failure to ensure that case dispositions are entered in a timely manner may result in the arrest of the defendant, in error.

Recommendation:

Management should verify that all credit card transactions are promptly receipted and case dispositions are entered in a timely manner.

The observations below have been previously reported and have not been resolved.

Repeat Observation No. 1:

Copies of the February 2013, September 2013, May 2014, and September 2014 through June 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According to Justice of the Peace staff, copies of the OCA Reports have not been submitted to the OCA since the amounts identified on the reports are not correct. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure,

HIDALGO COUNTY DISTRICT JUDGES

and needs of the court system.

Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding the needs of the Hidalgo County court system.

Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that a properly completed court activity report is submitted to the OCA and the County Auditor's Office within 20 days after the last day of each month.

Repeat Observation No. 2:

We noted that a \$400.00 appeal bond received on May 3, 2013 for docket number E12-09-880 has not been forwarded to the County Clerk or refunded to the defendant. According to the notes in the County Clerk's docket, County Court-At-Law No. 4 issued a judgment nisi on June 9, 2014. According to the Court Coordinator, they will contact the County Clerk's Office to resolve the issue.

A judgment nisi is a judgment that is not final or absolute. A judgment nisi is an intermediate judgment which will become final unless a party appeals or formally requests the court to set it aside. Pursuant to Code of Criminal Procedure §44.16, if the defendant is not in custody, a notice of appeal shall have no effect until the required appeal bond has been given and approved. The appeal bond shall be given within ten days after the sentence of the court has been rendered." Code of Criminal Procedure Article 44.18 states, "In appeals from justice and corporation courts, all the original papers in the case, together with the appeal bond, if any, and together, with a certified transcript of all the proceedings had in the case before such court shall be delivered without delay to the clerk of the court to which the appeal was taken, who shall file the same and docket the case."

Failure to ensure that court action is taken in a timely manner for cases in which an appeal bond was posted may result in the improper accounting of appeal bonds.

Recommendation:

Management should contact the County Clerk's Office to determine if the appeal bond needs to be forwarded to the County Clerk's Office or refunded to the defendant.

Repeat Observation No. 3:

We noted that five cash bonds posted September 2015 through March 2016 by defendants who failed to appear before the Justice of the Peace were not forfeited (liquidated) by the 10th workday following the date of their release from jail. According to the Justice of the Peace staff, the bonds have not been forfeited due to complications encountered with Odyssey. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Pursuant to Code of Criminal Procedure Article 45.044 (a)(2), "A justice or judge may enter a judgment of conviction and forfeit a cash bond posted by the defendant in satisfaction of the defendant's fine and cost if the defendant fails to appear according to the terms of the defendant's release." Pursuant to the terms of the cash bond, the defendant must appear before the Justice of the Peace by the 10th workday following the date of their release from jail. If the defendant fails to appear, the Justice of the Peace may declare the cash bond forfeited, enter a judgment of guilty, assess a fine, and apply the cash bond to the payment of the imposed judgment.

Failure to ensure that bonds are liquidated in a timely manner may result in the defendant being assessed additional court costs and fees, in error.

Recommendation:

Management should ensure that cash bonds are liquidated in a timely manner. In addition, the continued assistance of the Information Technology Department should be requested until the problem has been resolved.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 449th D.C.

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

Observation No. 4:

We noted that a mail log was not utilized during the months of April 2021 through June 2021 to record payments received through the mail. According to staff, a mail log is not used since the mail is received and opened by the Justice of the Peace. The Justice of the Peace distributes payments received through the mail to staff to receipt.

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

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

Recommendation:

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

Please provide written management responses for the observations noted above by October 29, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, 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. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Aleida Lopez, Court Coordinator, Justice of the Peace Pct. 4, Pl. 1

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COUNTY of HIDALGO

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December 17, 2021

The Honorable Charlie Espinoza
Hidalgo County Justice of the Peace Pct. 4, Pl. 1
212 N. 12th Avenue
Edinburg, Texas 78541

Re: MFFR for Jul-Sep 2021

Dear Judge Espinoza:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of July 2021 through September 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

Current Observations:

1. 70 of 2,886 transactions during the months of July 2021 through September 2021 contained errors in the allocation of fines, fees, and court costs.
2. 7 of 285 online credit card transactions in the month of July 2021 were receipted 2 to 55 days after the transaction date.
3. The July 2021 and September 2021 MFFRs were submitted to the County Auditor's Office 7 days and 3 days, respectively, after the fifth day following the end of the month.

Repeat Observations:

1. Copies of the February 2013, September 2013, May 2014, and September 2014 through September 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA).
2. A \$400.00 appeal bond received on May 3, 2013 for docket number E12-09-880 has not been forwarded to the County Clerk or refunded to the defendant.
3. Five cash bonds posted September 2015 through March 2016 by defendants who failed to appear before the Justice of the Peace were not forfeited (liquidated) by the 10th workday following the date of their release from jail.
4. A mail log was not utilized during the months of July 2021 through September 2021 to record payments received through the mail.

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Scope:

The scope of the review was limited to collections reported by your office on the MFFRs for the months of July 2021 through September 2021. 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 MFFRs 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 MFFRs were signed by an authorized signatory as documented on the “Authorized Signatories Form.”
- Verified the mathematical accuracy of the MFFRs by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the MFFRs 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff’s “Discharge” receipt number was referenced on the case.
- Verified the sequence of receipts per the MFFRs agreed to *Odyssey’s* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey’s* Daily Balance Reports and *Alio’s* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer’s Office.
- Reviewed *Cashier’s Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration’s “*Official Justice of the Peace Monthly Report*” (OCA Report), and the MFFRs, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of July 2021 through September 2021 totaled \$144,087.02, \$172,672.31, and \$163,993.48, respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

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.

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Observation No. 1:

We noted that 70 of 2,886 transactions during the months of July 2021 through September 2021 contained errors in the allocation of fines, fees, and court costs. The Justice of the Peace staff was notified of the required adjustments; however, the adjustments have not been completed. In addition, we noted that adjustments for prior months have not been completed. The lists of adjustments for prior months were previously provided. According to staff, attempts will be made to check the fines, fees, and court costs prior to issuing receipts.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. In addition, the County Auditor's Office requires that adjustments be made within three days of notification.

Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Observation No. 2:

We noted that 7 of 285 online credit card transactions in the month of July 2021 were receipted 2 to 55 days after the transaction date. Consequently, the applicable case dispositions were not recorded in *Odyssey* in a timely manner. According to the Court Coordinator, the transactions were not receipted timely due to heavy workload.

The County Auditor's Office requires that all collections (i.e., cash, checks, credit card payments, etc.) received be promptly recorded and controlled using pre-numbered official County receipts. In addition, the case dispositions should be recorded in *Odyssey* upon receipt of payment.

Failure to ensure that credit card transactions are promptly receipted may result in the loss or misuse of County funds. In addition, failure to ensure that case dispositions are entered in a timely manner may result in the arrest of the defendant, in error.

Recommendation:

Management should verify that all credit card transactions are promptly receipted and case dispositions are entered in a timely manner.

Observation No. 3:

We noted that the July 2021 and September 2021 MFFRs were submitted to the County Auditor's Office 7 days and 3 days, respectively, after the fifth day following the end of the month. According to the Court Coordinator, the MFFRs were submitted late due to heavy workload.

Local Government Code §114.001 (b) states, "A monthly report must be filed within five days after the last day of

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each month.” Timely submittal of the MFFRs helps ensure the proper accounting and accurate projection of county revenues.

Failure to ensure that the MFFR is submitted to the County Auditor’s Office within five days after the last day of each month may result in the improper accounting and inaccurate projection of County revenues.

Recommendation:

Management should ensure the MFFR is submitted to the County Auditor’s Office within five days after the last day of each month.

The observations below have been previously reported and have not been resolved.

Repeat Observation No. 1:

Copies of the February 2013, September 2013, May 2014, and September 2014 through September 2021 Office of Court Administration’s “Official Justice of the Peace Monthly Reports” (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According to Justice of the Peace staff, copies of the OCA Reports have not been submitted to the OCA since the amounts identified on the reports are not correct. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure, and needs of the court system.

Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding the needs of the Hidalgo County court system.

Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that a properly completed court activity report is submitted to the OCA and the County Auditor’s Office within 20 days after the last day of each month.

Repeat Observation No. 2:

We noted that a \$400.00 appeal bond received on May 3, 2013 for docket number E12-09-880 has not been forwarded to the County Clerk or refunded to the defendant. According to the notes in the County Clerk’s docket, County Court-At-Law No. 4 issued a judgment nisi on June 9, 2014. According to the Court Coordinator, they will contact the County Clerk’s Office to resolve the issue.

A judgment nisi is a judgment that is not final or absolute. A judgment nisi is an intermediate judgment which will become final unless a party appeals or formally requests the court to set it aside. Pursuant to Code of Criminal Procedure §44.16, if the defendant is not in custody, a notice of appeal shall have no effect until the required appeal bond has been given and approved. The appeal bond shall be given within ten days after the sentence of the court has been rendered.” Code of Criminal Procedure Article 44.18 states, “In appeals from justice and corporation courts, all the original papers in the case, together with the appeal bond, if any, and together, with a certified transcript of all the proceedings had in the case before such court shall be delivered without delay to the clerk of the court to which the appeal was taken, who shall file the same and docket the case.”

Failure to ensure that court action is taken in a timely manner for cases in which an appeal bond was posted may result in the improper accounting of appeal bonds.

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Recommendation:

Management should contact the County Clerk’s Office to determine if the appeal bond needs to be forwarded to the County Clerk’s Office or refunded to the defendant.

Repeat Observation No. 3:

We noted that five cash bonds posted September 2015 through March 2016 by defendants who failed to appear before the Justice of the Peace were not forfeited (liquidated) by the 10th workday following the date of their release from jail. According to the Justice of the Peace staff, the bonds have not been forfeited due to complications encountered with Odyssey. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Pursuant to Code of Criminal Procedure Article 45.044 (a)(2), “A justice or judge may enter a judgment of conviction and forfeit a cash bond posted by the defendant in satisfaction of the defendant’s fine and cost if the defendant fails to appear according to the terms of the defendant’s release.” Pursuant to the terms of the cash bond, the defendant must appear before the Justice of the Peace by the 10th workday following the date of their release from jail. If the defendant fails to appear, the Justice of the Peace may declare the cash bond forfeited, enter a judgment of guilty, assess a fine, and apply the cash bond to the payment of the imposed judgment.

Failure to ensure that bonds are liquidated in a timely manner may result in the defendant being assessed additional court costs and fees, in error.

Recommendation:

Management should ensure that cash bonds are liquidated in a timely manner. In addition, the continued assistance of the Information Technology Department should be requested until the problem has been resolved.

Repeat Observation No. 4:

We noted that a mail log was not utilized during the months of July 2021 through September 2021 to record payments received through the mail. According to staff, a mail log is not used since the mail is received and opened by the Justice of the Peace. The Justice of the Peace distributes payments received through the mail to staff to receipt.

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

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

Recommendation:

Management should ensure that a daily mail log is maintained to record payments received through the mail regardless if the mail is opened by the Justice of the Peace. Please refer to the mail log section of the “Cash Handling Guidelines and Procedures” prescribed by the County Auditor’s Office for the minimum procedures to be implemented for processing payments received through the mail.

Please provide written management responses for the observations noted above by December 30, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or me at ext. 4645.

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The Honorable Charlie Espinoza
December 17, 2021
Page 6 of 6

Respectfully,


Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department
Mr. Sergio Cruz, Director, Department of Budget and Management
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COUNTY of HIDALGO

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October 19, 2021

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

Re: MFFRs for Apr-Jun 2021

Dear Judge Jasso:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of April 2021 through June 2021 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.

Executive Summary:

We concluded that fines, fees, and court costs were generally accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

Current Observations:

1. 182 of 965 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs.
2. Procedures for the Scofflaw Program have not been properly implemented.

Repeat Observations:

1. 23 cash bonds posted December 2013 through October 2016 by defendants who failed to appear before the Justice of the Peace were not forfeited (liquidated) by the 10th working day following the date of their release from jail.
2. Copies of the November 2013 through February 2014, June 2014 through July 2015, and September 2015 through June 2021 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to the Office of Court Administration (OCA).
3. Four cases in which the defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail in September 2019 (1), October 2019 (2), and December 2019 (1) did not have the jail time credit applied to the case, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the cases.

Scope:

The scope of the review was limited to collections reported to your office on the MFFR for the months of April 2021 through June 2021. 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.

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MARLA CUELLAR
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JUDGE, 430th D.C.

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

JOSE "JOE" RAMIREZ
JUDGE, 464th D.C.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the MFFRs 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 MFFRs were signed by an authorized signatory as documented on the “Authorized Signatories Form.”
- Verified the mathematical accuracy of the MFFRs by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the MFFRs agreed to: 1.) total receipts issued per *Odyssey’s* Receipt Journal reports, 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) The warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff’s “Discharge” receipt number was referenced on the case.
- Verified the sequence of receipts per MFFRs agreed to *Odyssey’s* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey’s* Daily Balance Reports and *Alio’s* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer’s Office.
- Reviewed *Cashier’s Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration’s “*Official Justice of the Peace Monthly Report*” (OCA Report), and the MFFRs, among other reports, were properly completed.
- Verified that cash bonds posted by the defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of Release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out correctly and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of April 2021 through May 2021 totaled \$47,982.39, \$47,711.79, and \$48,596.14, respectively. Based on the review, we concluded that fines, fees, and court costs were generally accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

The responsibility for establishing and maintaining a sound internal control system rests with management. The objectives of an internal control system rests with management. The objectives of an internal control systems 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 182 of 965 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs. Some of the errors resulted from the disposition date not being entered in Odyssey. The Justice of the Peace staff was notified of the required adjustments; however, the adjustments have not been completed. In addition, we noted that adjustments for prior months have not been completed. The lists of

HIDALGO COUNTY DISTRICT JUDGES

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adjustments for prior months were previously provided. Training from the Information Technology Department will be requested.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. In addition, the County Auditor's Office requires that adjustments be made within three days of notification.

Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

Recommendation:

Management should continue to request the training and assistance from the Information Technology Department until all adjustments have been completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Observation No. 2:

We selected 10 of 24 *Scofflaw Release Forms* for the month of May 2021. We noted that procedures for the Scofflaw Program have not been properly implemented as follows:

- 1.) For 2 of 10, case disposition date did not agree to the disposition date on the *Scofflaw Release Form*.
- 2.) For 6 of 10, copy of the official County receipt was not attached to the *Scofflaw Release Form*.
- 3.) For 4 of 10, the approved *Scofflaw Release Forms* were not scanned and entered in *Odyssey*.
- 4.) For 7 of 10, case disposition/status were not selected on the *Scofflaw Release Form*.
- 5.) For 1 of 10, the Scofflaw Collected and Payment Type were not selected on the *Scofflaw Release Form*.
- 6.) For 1 of 10, copy of the signed "motion/order to dismiss" form was not attached to the *Scofflaw Release Form*.
- 7.) For 1 of 10, the outstanding balance was not zeroed out and the case disposition was not entered in *Odyssey* prior to approving the *Scofflaw Release Form*.
- 8.) For 1 of 10, proof of the dismissal was not scanned and entered in *Odyssey*.

According to the Assistant Court Coordinator, will re-train staff on the proper *Scofflaw Release Procedures*.

On January 9, 2017, the County Auditor issued a letter to all the Justices of the Peace prescribing the procedures and implementing a revised *Scofflaw Release Form*. Individuals who are flagged "Scofflaw" are not able to register or renew their motor vehicle registration until a signed and sealed (approved) *Scofflaw Release Form* is received by the Hidalgo County Tax Assessor-Collector's Motor Vehicle Division. The *Scofflaw Release Form* must be completely filled. The following procedures should be implemented:

- a. The case disposition date must agree to the disposition date entered on the *Scofflaw Release Form*.
- b. A copy of the official County receipt must be attached to the *Scofflaw Release Form* as proof of payment.
- c. The approved *Scofflaw Release Form* must be scanned and entered in *Odyssey*.
- d. The case disposition/status must be selected on the *Scofflaw Release Form*.
- e. The Scofflaw collected and payment type should be selected on the *Scofflaw Release Form*.

HIDALGO COUNTY DISTRICT JUDGES

- f. A copy of the signed “motion/order to dismiss” form must be attached to the *Scofflaw Release Form*.
- g. The outstanding balance must be zeroed out and a case disposition must be entered in *Odyssey* prior to approving the *Scofflaw Release Form*.
- h. The proof of dismissal “motion/order to dismiss” form and the *Scofflaw Release Form* must be scanned and entered in *Odyssey*.

Failure to properly complete the *Scofflaw Release Forms* and implement the procedures for the Scofflaw Program may result in the loss of County funds.

Recommendation:

Management should ensure that the *Scofflaw Release Forms* are properly completed and that the procedures for the Scofflaw program procedures are properly followed. At a minimum, the procedures noted above should be implemented.

Repeat Observation No. 1:

We noted that 23 cash bonds posted December 2013 through October 2016 by defendants who failed to appear before the Justice of the Peace were not forfeited (liquidated) by the 10th working day following the date of their release from jail. The bonds do not contain an event entered in *Odyssey* regarding the reason the bonds were not liquidated. According to the Justice of the Peace staff, the bonds were not forfeited due to technical issues with *Odyssey*. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Pursuant to Code of Criminal Procedure Article 45.044 (a) (2), “A justice or judge may enter a judgment of conviction and forfeit a cash bond posted by the defendant in satisfaction of the defendant’s fine and cost if the defendant fails to appear according to the terms of the defendant’s release.” Pursuant to the terms of the cash bond, the defendant must appear before the Justice of the Peace by the 10th workday following the date of their release from jail. If the defendant fails to appear, the Justice of the Peace may declare the cash bond forfeited, enter a judgment of guilty, assess a fine, and apply the cash bond to the payment of the imposed judgment.

Failure to ensure that bonds are liquidated in a timely manner may result in the defendant being assessed additional court costs and fees, in error.

Recommendation:

Management should ensure that cash bonds are liquidated in a timely manner. In addition, the continued assistance of the Information Technology Department should be requested until the problem has been resolved.

Repeat Observation No. 2:

Copies of the November 2013 through February 2014, June 2014 through July 2015, and September 2015 through June 2021 Office of Court Administration’s “Official Justice of the Peace Monthly Reports” (OCA Reports) have not been submitted to the Office of Court Administration (OCA). According to the Justice of the Peace staff, properly completed OCA Reports cannot be generated from *Odyssey* due to data entry errors. In addition, the County Auditor’s Office determined that the OCA Reports are incorrect since the jail time activity and pending adjustments were not entered in *Odyssey*. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

Texas Administrative Code 171.2 requires justices of the peace to submit a summary-level court activity report and other required reports each month to the OCA. All reports are due no later than 20 days following the end of the month reported. The monthly report is designed to provide the information required by law or needed by the legislative, executive, and judicial branches of government to make decisions regarding the jurisdiction, structure, and needs of the court system.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 82 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. “BOBBY” FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 448 TH D.C.	JOSE “JOE” RAMIREZ JUDGE, 464 TH D.C.
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Failure to ensure that the monthly court activity report is submitted to the Office of Court Administration may result in the inability of the legislative, executive, and judicial branches of government to make informed decisions regarding the needs of the Hidalgo County court system.

Recommendation:

The continued assistance of the Information Technology Department should be requested until the problem has been resolved. Management should ensure that a properly completed court activity report is submitted to the OCA and the County Auditor's Office within 20 days after the last day of each month.

Repeat Observation No. 3:

We noted that four cases in which the defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail in September 2019 (1), October 2019 (2), and December 2019 (1) did not have the jail time credit applied to the case, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the cases. Training from the Information Technology Department will be requested.

The County Auditor's Office requires that case dispositions be promptly recorded in *Odyssey*. In addition, pursuant to Code of Criminal Procedure Article 45.048, "a defendant placed in jail on account of failure to pay the fine and costs shall be discharged on habeas corpus by showing that the defendant:(1) is too poor to pay the fine and costs; or (2) has remained in jail a sufficient length of time to satisfy the fine and costs..." The docket should reflect the jail time credit applied to the case.

Failure to timely enter proper case dispositions may result in the arrest of the defendant, in error.

Recommendation:

Management should continue to request the training and assistance from the Information Technology Department until jail time credit is recorded in *Odyssey*. In addition, management should ensure that proper case dispositions are entered in a timely manner (i.e., warrants are recalled; cash payments and/or jail time credits are timely applied; cases are timely closed; and Sheriff's "Discharge" receipt numbers are referenced) on cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and/or serving time in the Hidalgo County jail.

Please provide written management responses for the observations noted above by October 29, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, 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
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Mr. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department
Ms. Claudia Quiroga, Court Coordinator, Justice of the Peace Pct. 4, Pl. 2

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 82 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 448 TH D.C.	JOSE "JOE" RAMIREZ 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



October 18, 2021

The Honorable Jason Peña
Hidalgo County Justice of the Peace Pct. 5, Pl. 1
P.O. Box 238
Elsa, Texas 78543

Re: MFFR for Apr-Jun 2021

Dear Judge Peña:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of April 2021 through June 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

1. 15 of 355 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs.
2. 28 of 29 online credit card transactions for the month of April 2021, 25 of 32 online credit card transactions for the month of May 2021, and 21 of 26 online credit card transactions for the month of June 2021 were received 2 to 22 days after the transaction date.
3. Procedures for the Scofflaw Program have not been properly implemented.

Repeat Observations:

1. 7 cases in which a defendant satisfied outstanding fines, fees, and court costs by making a cash payment and/or serving time in the Hidalgo County jail did not have the cash payment and/or jail time credit applied to the cases, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the cases.

Scope:

The scope of the review was limited to collections generated from Odyssey for the months of April 2021 through June 2021. 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 MFFRs 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).

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JUDGE, 464th D.C.

- Verified that the MFFRs were signed by an authorized signatory as documented on the “Authorized Signatories Form.”
- Verified the mathematical accuracy of the MFFRs by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the MFFRs 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff’s “Discharge” receipt number was referenced on the case.
- Verified the sequence of receipts per the MFFRs agreed to *Odyssey’s* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey’s* Daily Balance Reports and *Alio’s* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer’s Office.
- Reviewed *Cashier’s Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration’s “*Official Justice of the Peace Monthly Report*” (OCA Report), and the MFFRs, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of April 2021 through June 2021 totaled \$20,602.15, \$20,945.44, and \$16,371.81, respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

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 15 of 355 transactions during the months of April 2021 through June 2021 contained errors in the allocation of fines, fees, and court costs. The Justice of the Peace staff was notified of the required adjustments; and the adjustments have been completed. According to the Court Coordinator, staff does not consistently verify that fines, fees, and court costs have been properly assessed prior to issuing receipts.

There are numerous statutes that require Justices of the Peace to charge various fines, fees, and court costs for certain services and offenses. Fines, fees, and court costs must be allocated pursuant to State statutes and/or Commissioners Court approval. In addition, the County Auditor’s Office requires that adjustments be made within three days of notification.

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JUDGE, 464th D.C.

Failure to ensure that fines, fees, and court costs are properly allocated and reported may result in the improper collection of County revenues. In addition, the County may be held liable to the State for failure to properly allocate and report fines, fees, and court costs.

Recommendation:

Management should ensure that all pending adjustments are completed. In addition, management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported. At a minimum, the following procedures should be implemented:

- Staff should be provided with training regarding the proper allocation of fines, fees, and court costs.
- Staff should review the allocation of fines, fees, and court costs before the official County receipt is issued.
- Access for setting up offense codes with the proper fines, fees, and court costs in *Odyssey* should be limited to staff with adequate knowledge of the applicable allocation.
- Staff should ensure that the proper fines, fees, and court costs allocation, offense date, and disposition date (judgment date) are entered in *Odyssey*.
- Staff should ensure that adjustments are entered in *Odyssey* within three days of notification.

Observation No. 2:

We noted that 28 of 29 online credit card transactions for the month of April 2021, 25 of 32 online credit card transactions for the month of May 2021, and 21 of 26 online credit card transactions for the month of June 2021 were received 2 to 22 days after the transaction date. Consequently, the applicable case dispositions were not recorded in *Odyssey* in a timely manner. According to the Court Coordinator, the credit card transactions were not received timely due to an oversight.

The County Auditor's Office requires that all collections (i.e., cash, checks, credit card payments, etc.) received be promptly recorded and controlled using pre-numbered official County receipts. In addition, the case dispositions should be recorded in *Odyssey* upon receipt of payment.

Failure to ensure that credit card transactions are promptly receipted may result in the loss or misuse of County funds. In addition, failure to ensure that case dispositions are entered in a timely manner may result in the arrest of the defendant, in error.

Recommendation:

Management should verify that all credit card transactions are promptly receipted and case dispositions are entered in a timely manner.

Observation No. 3:

We selected 5 out of 16 *Scofflaw Release Forms* for the month of June 2021. We noted that procedures for the Scofflaw Program have not been properly implemented. For 1 of 5, the *Scofflaw Release Form* was signed staff before the "motion/order to dismiss" was signed by the District Attorney's Office and the Justice of the Peace.

According to the Court Coordinator, the procedure was not properly completed due to an oversight.

On January 9, 2017, the County Auditor issued a letter to all the Justices of the Peace prescribing the procedures and implementing a revised *Scofflaw Release Form*. Individuals who are flagged "Scofflaw" are not able to register or renew their motor vehicle registration until a signed and sealed (approved) *Scofflaw Release Form* is received by the Hidalgo County Tax Assessor-Collector's Motor Vehicle Division. A copy of the signed "motion/order to dismiss" form must be attached to the *Scofflaw Release Form*.

Failure to properly complete the *Scofflaw Release Forms* and implement the procedures for the Scofflaw Program may result in the loss of County funds.

HIDALGO COUNTY DISTRICT JUDGES

Recommendation:

Management should ensure that the *Scofflaw Release Forms* are properly completed and that the procedures for the Scofflaw program procedures are properly followed. At a minimum, the procedures noted above should be implemented.

The observation below has been previously reported and has not been resolved.

Repeat Observation No. 1:

We noted that 7 cases in which a defendant satisfied outstanding fines, fees, and court costs by making a cash payment and/or serving time in the Hidalgo County jail in October 2019 (2), March 2020 (1), June 2020 (1), July 2020 (2) and October 2020 (1) did not have the cash payment and/or jail time credit applied to the cases, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the cases. According to the Court Coordinator she has not received the Jail "D" Report from the Sheriff's Department and was not trained on how to receipt them in *Odyssey*.

The County Auditor's Office requires that case dispositions be promptly recorded in *Odyssey*. In addition, pursuant to Code of Criminal Procedure Article 45.048, "a defendant placed in jail on account of failure to pay the fine and costs shall be discharged on habeas corpus by showing that the defendant:(1) is too poor to pay the fine and costs; or (2) has remained in jail a sufficient length of time to satisfy the fine and costs..." The docket should reflect the jail time credit applied to the case.

Failure to timely enter proper case dispositions may result in the arrest of the defendant, in error.


Recommendation:

Management should contact the Information Technology Department and request training on how to properly record jail time credit in *Odyssey*. In addition, management should contact the Sheriff's Department to request that the Jail "D" Report is sent to the Justice of the Peace Office on a monthly basis. Furthermore, management should ensure that proper case dispositions are entered in a timely manner (i.e., warrants are recalled; cash payments and/or jail time credits are timely applied; cases are timely closed; and Sheriff's "Discharge" receipt numbers are referenced) on cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and/or serving time in the Hidalgo County jail.

Please provide written management responses for the observations noted above by October 29, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, 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. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator

HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO



EDINBURG, TEXAS 78539

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

December 17, 2021

The Honorable Jason Peña
Hidalgo County Justice of the Peace Pct. 5, Pl. 1
P.O. Box 238
Elsa, Texas 78543

Re: MFFR for Jul-Sep 2021

Dear Judge Peña:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of July 2021 through September 2021 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.

Executive Summary:

Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement.

1. 17 of 20 online credit card transactions for the month of July 2021, 13 of 14 online credit card transactions for the month of August 2021, and 22 of 22 online credit card transactions for the month of September 2021 were received 3 to 74 days after the transaction date.
2. The July 2021 and August 2021 MFFRs were submitted to the County Auditor's Office 6 days after the fifth day following the end of the month.
3. Procedures for the Scofflaw Program have not been properly implemented.

Repeat Observations:

1. 9 cases in which a defendant satisfied outstanding fines, fees, and court costs by making a cash payment and/or serving time in the Hidalgo County jail did not have the cash payment and/or jail time credit applied to the cases, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the cases.

Scope:

The scope of the review was limited to collections generated from Odyssey for the months of July 2021 through September 2021. 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.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
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JUDGE, 93RD D.C.

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JUDGE, 138TH D.C.

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JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the MFFRs 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 MFFRs were signed by an authorized signatory as documented on the “Authorized Signatories Form.”
- Verified the mathematical accuracy of the MFFRs by footing and cross-footing the reports.
- Reviewed 100% of receipts to determine if fines, fees, and court costs collected were properly allocated and reported and verified whether any adjustments were made.
- Verified that procedures for voiding receipts were properly followed.
- Verified that collections per the MFFRs 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.
- Reviewed all cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and serving time at the Hidalgo County jail and randomly selected cases in which defendants satisfied outstanding fines, fees, and court costs by serving time in the Hidalgo County jail to determine if: 1.) the warrant was recalled; 2.) the cash payment and/or jail time credit was applied to the case; 3.) the case was closed; and 4.) the Sheriff’s “Discharge” receipt number was referenced on the case.
- Verified the sequence of receipts per the MFFRs agreed to *Odyssey’s* Receipt Journal Reports. In addition, verified that receipts were issued in sequential order.
- Compared the Hamer Enterprises Credit Card Payment Reports to *Odyssey’s* Daily Balance Reports and *Alio’s* Undistributed Receipts general ledger account to determine if credit card transactions were timely received by the Justice of the Peace and County Treasurer’s Office.
- Reviewed *Cashier’s Daily Close-out Reports* (Close-out Reports) and County Treasurer receipts to determine if fees collected were properly accounted and deposited with the County Treasurer on a daily basis.
- Verified that receipts, Close-out Reports, *Schedule of Receipts and Deposits* forms, mail logs, Office of Court Administration’s “*Official Justice of the Peace Monthly Report*” (OCA Report), and the MFFRs, among other reports, were properly completed.
- Verified that cash bonds posted by defendants who failed to appear before the Justice of the Peace were forfeited (liquidated) by the 10th workday following the date of release from jail.
- Reviewed *Scofflaw Release Forms* submitted by defendants to the Motor Vehicle Department to determine if the forms were filled out completely and if procedures for the Scofflaw Program were properly implemented.

Conclusion:

Collections for the months of July 2021 through September 2021 totaled \$17,583.96, \$12,853.07, and \$14,761.46, respectively. Based on the review, we concluded that fines, fees, and court costs were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fines, fees, and court costs requires improvement as noted in the observations below.

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 17 of 20 online credit card transactions for the month of July 2021, 13 of 14 online credit card transactions for the month of August 2021, and 22 of 22 online credit card transactions for the month of September 2021 were receipted 3 to 74 days after the transaction date. Consequently, the applicable case dispositions were not recorded in *Odyssey* in a timely manner. According to the Court Coordinator, the credit card transactions were not receipted timely due to an oversight.

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The County Auditor's Office requires that all collections (i.e., cash, checks, credit card payments, etc.) received be promptly recorded and controlled using pre-numbered official County receipts. In addition, the case dispositions should be recorded in Odyssey upon receipt of payment.

Failure to ensure that credit card transactions are promptly receipted may result in the loss or misuse of County funds. In addition, failure to ensure that case dispositions are entered in a timely manner may result in the arrest of the defendant, in error.

Recommendation:

Management should verify that all credit card transactions are promptly receipted and case dispositions are entered in a timely manner.

Observation No. 2:

We noted that the July 2021 and August 2021 MFFRs were submitted to the County Auditor's Office 6 days after the fifth day following the end of the month. According to the Court Coordinator, the MFFRs were submitted late due to having a heavy workload.

Local Government Code §114.001 (b) states, "A monthly report must be filed within five days after the last day of each month." Timely submittal of the MFFRs helps ensure the proper accounting and accurate projection of county revenues.

Failure to ensure that the MFFR is submitted to the County Auditor's Office within five days after the last day of each month may result in the improper accounting and inaccurate projection of County revenues.

Recommendation:

Management should ensure the MFFR is submitted to the County Auditor's Office within five days after the last day of each month.

Observation No. 3:

We randomly selected 10 of 19 *Scofflaw Release Forms* for the month of September 2021. We noted that procedures for the Scofflaw Program have not been properly implemented. For 1 of 10 cases, the *Scofflaw Release Form* was signed by staff before the "motion/order to dismiss" was signed by the District Attorney's Office and the Justice of the Peace. According to the Court Coordinator, the procedures were not properly completed due to an oversight.

On January 9, 2017, the County Auditor issued a letter to all the Justices of the Peace prescribing the procedures and implementing a revised *Scofflaw Release Form*. Individuals who are flagged "Scofflaw" are not able to register or renew their motor vehicle registration until a signed and sealed (approved) *Scofflaw Release Form* is received by the Hidalgo County Tax Assessor-Collector's Motor Vehicle Division. A copy of the properly executed "motion/order to dismiss" form must be attached to the *Scofflaw Release Form*.

Failure to properly complete the *Scofflaw Release Form* and implement the procedures for the Scofflaw Program may result in the loss of County funds.

Recommendation:

Management should ensure that the *Scofflaw Release Form* is properly completed and that the procedures for the Scofflaw program are properly followed. At a minimum, the procedure noted above should be implemented.

The observation below has been previously reported and has not been resolved.

Repeat Observation No. 1:

We noted that 9 cases in which a defendant satisfied outstanding fines, fees, and court costs by making a cash payment and/or serving time in the Hidalgo County jail in October 2019 (2), March 2020 (1), June 2020 (1), July 2020 (2), October 2020 (1), and July 2021 (2) did not have the cash payment and/or jail time credit applied to the cases, the case statuses were not closed, and the Sheriff's "Discharge" receipt numbers were not referenced on the cases. According to the Court Coordinator she has not received the Jail "D" Report from the Sheriff's Department

HIDALGO COUNTY DISTRICT JUDGES

and was not trained on how to receipt them in *Odyssey*.

The County Auditor's Office requires that case dispositions be promptly recorded in *Odyssey*. In addition, pursuant to Code of Criminal Procedure Article 45.048, "a defendant placed in jail on account of failure to pay the fine and costs shall be discharged on habeas corpus by showing that the defendant:(1) is too poor to pay the fine and costs; or (2) has remained in jail a sufficient length of time to satisfy the fine and costs..." The docket should reflect the jail time credit applied to the case.

Failure to timely enter proper case dispositions may result in the arrest of the defendant, in error.


Recommendation:

Management should contact the Information Technology Department and request training on how to properly record jail time credit in *Odyssey*. In addition, management should contact the Sheriff's Department to request that the Jail "D" Report is sent to the Justice of the Peace Office on a monthly basis. Furthermore, management should ensure that proper case dispositions are entered in a timely manner (i.e., warrants are recalled; cash payments and/or jail time credits are timely applied; cases are timely closed; and Sheriff's "Discharge" receipt numbers are referenced) on cases in which defendants satisfied outstanding fines, fees, and court costs by making cash payments and/or serving time in the Hidalgo County jail.

Please provide written management responses for the observations noted above by December 27, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Edgar Alan Escobedo, Internal Auditor I, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, 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 Officer
Mr. Daniel Salina, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Erica Saenz, Court Coordinator, Justice of the Peace Pct. 5, Pl. 1

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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 20, 2021

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

Re: Special Inventory Financial Statements for January 31, 2021 through June 30, 2021

Dear Mr. Villarreal:

We conducted a limited scope review of the Special Inventory financial statements for the months ended January 31, 2021 through June 30, 2021 pursuant to Local Government Code §112.006 (a) and (b), §115.001, §115.002 (a) and (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. However; we noted that the system of internal controls for accounting of the Special Inventory of the Financial Statements require improvement as noted below.

Observation No. 1:

As of June 30, 2021, the "Pending Accts" balance sheet account had a balance of \$10,265.96. This balance is comprised of escrow payments received from businesses that did not have an account set up with the Hidalgo County Appraisal District at the time of payment. The balance consisted of the following:

- "2020 Pending Temps" in the amount of \$2,898.04; and
- "2021 Pending Temps" in the amount of \$7,367.92.

According to staff, the department is working with the Hidalgo County Appraisal District on clearing these account balances.

We recommend that the continued assistance of the Hidalgo County Appraisal District be requested until the account balances are properly applied.

Observation No. 2:

As of June 30, 2021, the "Shorts/Overs" balance sheet account had a credit balance of \$150.01. The balance consists of cashier overages and shortages dating from June 2014 through April 30, 2021.

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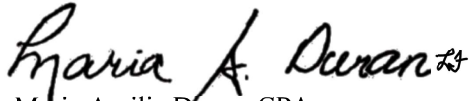
JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.

We recommend that the funds be transferred to the County Treasurer's Office (receipted to General Fund-Miscellaneous Revenue 1-1100-360-00-000-0-000).

Please provide a written management response for the observations noted above by November 5, 2021.

If you have any questions or would like to schedule a meeting to discuss the above noted observation, please contact Abigail Espinoza, 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,



María Arcilia Durán, 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
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator

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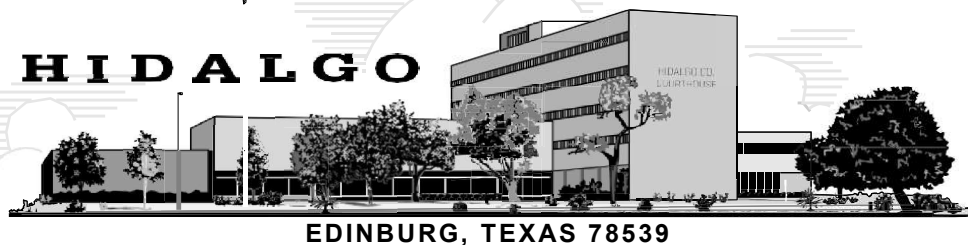
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December 2, 2021

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

Re: Cash Count Report No. 2021-575

Dear Mr. Guajardo:

We conducted a surprise cash count of the cash held at the Hidalgo County Clerk's Collections Department on July 14, 2021, 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 review of the internal control weaknesses identified in the cash count conducted on May 30, 2019. 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.

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

Conclusion:

The total cash on hand at the time of the cash count was \$3,516.60. Based on the results of our 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 and the approved change fund of \$300.00 (See Observation No. 1). In addition, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement as noted in the following observations.

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:

At the time of the cash count, cash on hand did not reconcile to the total receipts issued. Cash on hand was over by

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JUDGE, 464TH D.C.

\$988.30. The overage consisted of three on-line credit card payments not receipted at the time of the cash count. The credit card payments were subsequently receipted.

The County Auditor's Office requires that all on-line transactions be promptly receipted using an official County receipt.

Failure to ensure that on-line transactions are promptly receipted may result in the loss of County revenue.

Recommendation:

Management should ensure that on-line transactions are promptly receipted.

Observation No. 2:

We noted during our review that the mail log did not include the signature of the employee responsible for opening the mail and preparing the mail log, the signature of the employee taking possession of the checks to receipt them, and the signature of the employee who ensures that all the checks were either receipted or mailed back to the sender. According to the County Clerk's Internal Auditor, changes to the mail log will be made to reflect all the required signatures of the employees responsible for the mail-in payments.

The County Auditor's Office requires that the employee responsible for listing the mail-in payments sign and date the mail log to document responsibility for verifying the checks received and preparing the listing. In addition, the employee who takes possession of the checks to receipt them must sign and date the mail log to document the transfer of the possession. Furthermore, an employee other than the cashier should verify that an official county receipt was issued for each mail-in payment. The employee conducting this verification must sign and date the mail log to document responsibility for the verification.

Failure to ensure that all appropriate signatures are including in the mail-log may result in the loss or misuse of County funds

Recommendation:

Management should ensure that the mail log includes all appropriate signatures when preparing the list of mail-in payments

Observation No 3:

According to the Collections Supervisor and County Clerk's Internal Auditor, cashiers are not prohibited from receipting payments from relatives and personal friends; however, they are encouraged to notify their supervisor.

Pursuant to the County Auditor's Office *Cash Handling Guidelines and Procedures*, "Cashiers should not receipt payments from their relatives or personal friends. Cashiers must notify their supervisor so that the supervisor may assign the receipt of the payment to another cashier."

Failure to ensure that cashiers do not receipt payments from relatives or personal friends may result in the loss or misuse of County funds.

Recommendation:

Management should ensure that cashiers do not receipt payments from relatives and personal friends.

Repeat Observation No. 1:

The County Clerk's Office has implemented "Daily Cashiering Procedures." Employees are required to read and sign an acknowledgment of their understanding of the procedures. However, we noted that the County Clerk's "Daily Cashiering Procedures" do not include all of the minimum requirements established by the County Auditor's Office "Cash Handling Guidelines and Procedures." In addition, we noted that the County Clerk's Office does not require employees to sign an acknowledgment of their understanding of the County Auditor's Office "Cash Handling Guidelines and Procedures."

HIDALGO COUNTY DISTRICT JUDGES

The County Auditor's Office prescribed the "Cash Handling Guidelines and Procedures" as the minimum requirements. The employees handling cash must read the "Cash Handling Guidelines and Procedures" and sign a receipt acknowledging their understanding of these guidelines and procedures. The acknowledgment receipt should be kept on file by the department.

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

Recommendation:

Management should ensure that the County Clerk's Office "Daily Cashiering Procedures" include the minimum requirements established by the County Auditor's Office "Cash Handling Guidelines and Procedures." Alternatively, employees should be required to read and sign a receipt acknowledging their understanding of the County Auditor's Office "Cash Handling Guidelines and Procedures." The acknowledgment receipt should be kept on file by the department.

Repeat Observation No. 2:

We noted that daily cash reconciliations are not documented on the *Cashier's Daily Close-out Report* (Close-out Report). Instead, cash on hand is reconciled to receipts issued and the change fund on a daily basis by generating a Till Balance Report from Odyssey and by running a tape to confirm collections. According to the County Clerk's Office Internal Auditor, she believes that there is enough checks and balances to implement a close-out report. The collections are accounted for at least two times before submitting the collections to the Main Office and then accounted for a third time during the reconciliation process.

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

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

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

Recommendation:

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

Repeat Observation No. 3:

We noted that a listing of the names of customers whose checks have been returned by the bank ("hot checks") due to insufficient funds, closed accounts, unauthorized signatures, or drawn on uncollected funds has not been maintained. According to the County Clerk's Office Internal Auditor, a list of hot checks was requested from the County Treasurer's Office; however, a list was not provided.

The County Auditor's Office requires that a listing of the names of customers whose checks have been returned

HIDALGO COUNTY DISTRICT JUDGES

by the bank (“hot checks”) due to insufficient funds, closed accounts, unauthorized signatures, or drawn on uncollected funds be maintained. The hot check list should be referenced when receiving checks from customers.

Failure to maintain a hot check list may increase the risk that a check is collected from a customer who has previously presented a “hot check” as payment.

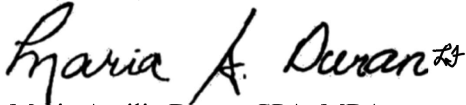
Recommendation:

Management should continue to request the “hot check” listing from the County Treasurer’s Office. As an alternative, a list should be prepared internally and forwarded to all cashiers so that they can refer to it prior to accepting a check for payment.

Please provide written management responses to the observations noted above by December 17, 2021.

We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the cash count. If you have any questions regarding this cash count, please contact Gricelda Quintero, Internal Auditor II, at ext. 4643, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, 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, MBA
Hidalgo County Auditor

- cc: Mr. Valde Guerra, County Executive Officer
Ms. Annette Muniz, Hidalgo County Clerk Chief Deputy
Ms. Berenize Alvarado, Hidalgo County Clerk Internal Auditor
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator

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JUDGE, 92ND D.C.

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JUDGE, 93RD D.C.

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

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JUDGE, 449TH D.C.

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JUDGE, 464TH D.C.

COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
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PHONE: (956) 318-2511
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EDINBURG, TEXAS 78539

October 19, 2021

The Honorable Juan "J.J." Peña
Hidalgo County Justice of the Peace Pct. 3, Pl. 2
730 Breyfogle, Suite A
Mission, Texas 78572

Ref: Cash Count Report No. 2021-586

Dear Judge Peña:

We conducted a surprise cash count of the cash held at the Justice of the Peace Precinct 3, Place 2 Office on July 8, 2021 and July 9, 2021, 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 to evaluate your office's progress toward resolving the observation identified in the cash count conducted on October 10, 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 on July 8, 2021 and July 9, 2021 totaled \$1,516.40 and \$1,505.00; respectively. 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. However, 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:

Mail-in payments are not recorded on the mail log when received; instead, the mail-in payments are distributed among clerks. The clerks are responsible for creating individual mail logs and receipting the mail-in payments. In addition, a log to document mail-in payments that are sent back to the sender is not maintained. According to Court Coordinator, she was not aware of proper procedures regarding the mail log.

The County Auditor's Office requires that mail-in payments be listed on a daily mail log by an employee not receipting on the day the mail-in payments are received. The mail log should include the following information

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for each mail-in payment received, date received, the name of the payor, the amount of the remittance, the form of the remittance (e.g., cash or check), and, if applicable, the check number then distributed to clerks to receipt the mail-in payments. If a payment is to be returned to the sender, a notation is to be made on the mail log to indicate the payment is to be returned and a reason why the payment is not being receipted. Any documentation that supports the payment being returned should be maintained on file.

Failure to ensure that mail-in payments are recorded on the mail log by an employee other than the employee responsible for receipting and not identifying mail-in payments that are returned to the sender may result in the loss or misuse of County funds.

Recommendation:

Management should ensure that mail-in payments are recorded on the mail log the day received by an employee other than the employee responsible for receipting. In addition, management should ensure that mail-in payments that are to be returned to the sender are identified on the mail log. Please refer to the mail log section of the "Cash Handling Guidelines and Procedures" prescribed by the County Auditor's Office for the minimum procedures to be implemented for processing mail-in payments.

Observation No. 2:

Three new employees were taking payments prior to reading and signing the "Cash Handling Guidelines and Procedures" manual. The Court Coordinator stated that the new employees had not read the "Cash Handling Guidelines and Procedures" due to being understaffed. The new employees read the "Cash Handling Guidelines and Procedures" manual, signed the "Cash Handling Guidelines and Procedures Receipt Acknowledgment" forms and gave a copy to the County Auditor's Office.

The County Auditor Office requires that all employees read the "Cash Handling Guidelines and Procedures" manual and sign the "Cash Handling Guidelines and Procedures Receipt Acknowledgment" form prior to receipting funds and the signed "Cash Handling Guidelines and Procedures Receipt Acknowledgment" forms must be maintained on file.

Failure to ensure that all employees read the "Cash Handling Guidelines and Procedures" manual and sign the "Cash Handling Guidelines and Procedures Receipt Acknowledgment" form prior to receipting funds may result in the loss or misuse of County funds.

Recommendation:

Management should ensure that all employees read the "Cash Handling Guidelines and Procedures" manual and sign the "Cash Handling Guidelines and Procedures Receipt Acknowledgment" form prior to receipting funds. In addition, the signed "Cash Handling Guidelines and Procedures Receipt Acknowledgment" forms must be maintained on file.

Observation No. 3:

Notices stating "A \$___ fee will be collected on all returned checks" and "Gifts, gratuities, and/or tips will not be accepted" were not posted in a conspicuous location for the public's view. According to Court Coordinator, they were not aware that those specific postings had to be posted in a conspicuous area; however, copies of the missing notices will be posted.

The County Auditor's Office requires that a notices stating "A \$___ fee will be collected on all returned checks" and "Gifts, gratuities, and/or tips will not be accepted" be posted in a conspicuous location for the public's view.

Failure to post the required notices in a conspicuous location for the public's view increases the risk of loss or misuse of County funds.

HIDALGO COUNTY DISTRICT JUDGES

Recommendation:

Management should ensure the notices stating "A \$___ fee will be collected on all returned checks" and "Gifts, gratuities, and/or tips will not be accepted" be posted in a conspicuous location for the public's view.

Observation No. 4:

We noted that a money order was not immediately endorsed "For Deposit Only" prior to being receipted. According to staff, the endorsement stamp is shared among staff; therefore, some clerks endorse checks at the end of the day.

The County Auditor's Office requires that all checks/money orders received be immediately restrictively endorsed "For Deposit Only" prior to receipting.

Failure to ensure that checks/money orders accepted as payment are immediately restrictively endorsed "For Deposit Only" prior to receipting may result in the loss or misuse of County funds.

Recommendation:

Management should ensure that checks/money orders accepted as payment are immediately restrictively endorsed "For Deposit Only" by the clerk prior to receipting. Management should request endorsement stamps from the County Treasurer's Office.

Repeating Observation No. 1:

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

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

According to the Court Coordinator, she was not aware of this procedure; therefore, the procedures for the accounting of citations and civil case filings have not been implemented.

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

- a. The person responsible for opening the mail and/or accepting the delivery of citations/civil cases should immediately list citations/civil cases on the log before distribution to the person responsible for entering them into *Odyssey*. Since the person responsible for entering the citations/civil cases into *Odyssey* has recording responsibilities, he/she should not be responsible for accepting payments.
- b. The person responsible for opening the mail and/or accepting the delivery of citations/civil cases should note, at a minimum, the following on the log: date received, citation number, name of violator/plaintiff, and name of officer who issued the citation, as applicable. The person responsible for noting this information should provide his/her signature on the "Prepared by" line of the log.

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- c. The person responsible for entering the citations into *Odyssey* should enter the date of entry and docket number assigned to the citation/civil case on the log and provide his/her signature on the "Entered by" line of the log.
- d. The "New Cases" and "Cases Filed" reports for the specified date should be generated from *Odyssey* and reconciled to the log by a person other than the person responsible for entering the citations into *Odyssey*. Any variances should be noted on the log, with a detailed explanation, and immediately brought up to the attention of the Justice of the Peace. In addition, the person conducting this reconciliation should provide his/her signature on the log as acknowledgment of the reconciliation.
- e. Citations should be placed in the applicable file.
- f. The Justice of the Peace should request periodic reports regarding the citations filed with the courts from law enforcement agencies and reconcile the reports to the citations recorded in *Odyssey*.
- g. Copies of the citation logs and periodic reports received from law enforcement agencies shall be maintained by the Justice of the Peace Office. This documentation shall be made available to the County Auditor's Office for review upon request.

Maintaining adequate internal controls over citations is especially challenging for units with a small number of employees. In these cases, it is important that management institute compensating controls to cover for the lack of a basic control. In an environment with a limited number of clerical and administrative personnel, management needs to be involved in documenting, reviewing, and approving transactions, reports, and reconciliations.

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

Recommendation:

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

Please provide written management responses to the observations noted above by October 29, 2021.

We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the cash count. If you should have any questions, please contact Araceli A. Guillen, Internal Auditor I, at 318-2511 ext. 4649, Yvonne Torres, Revenue Internal Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, Linda Fong, First Assistant Auditor, at ext. 4668, or myself at ext. 4645.

Respectfully,



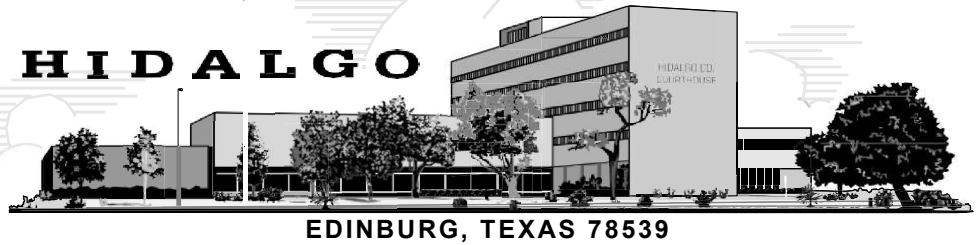
Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Valde Guerra, County Executive Officer
Mr. Sergio Cruz, Director, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Dana Rodriguez, Court Coordinator, Justice of the Peace Pct. 3, Pl. 2

HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO

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December 2, 2021

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

Re: Cash Count Report No. 2021-568

Dear Mr. Olivarez:

We conducted a surprise cash count of the cash held at the Pharr Health Clinic on July 1, 2021 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 \$255.00. 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.

We would like to express our sincere appreciation to you and your staff for the courtesy, cooperation, and assistance provided to us during the cash count. If you should have any questions, contact Gricelda Quintero, Internal Auditor II, at 318-2511 ext. 4643, Yvonne Torres, Revenue Internal Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4645, Linda Fong, First Assistant Auditor, at ext. 4668, or myself at ext. 4645.

Respectfully,

Maria Arcilia Duran, CPA
Hidalgo County Auditor

cc: Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
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EDINBURG, TEXAS 78539

December 3, 2021

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. 2021-573

Dear Mr. Villarreal:

We conducted a surprise cash count of the cash held at the Mission Tax Office on May 27, 2021 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 \$93,392.57. Based on the review, we concluded that total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund of \$300.00.

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,

A handwritten signature in black ink that reads 'Maria A. Duran' with a stylized flourish at the end.

Maria Arcilia Duran, CPA
Hidalgo County Auditor

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

HIDALGO COUNTY DISTRICT JUDGES

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December 3, 2021

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. 2021-577

Dear Mr. Villarreal:

We conducted a surprise cash count of the cash held at the Pharr Motor Vehicle Substation on June 15, 2021, as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Scope:

The scope of our review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up to evaluate your office's progress towards resolving the observations identified in the cash count conducted on September 23, 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 was \$715,553.57. Based on the review, we have concluded that total cash on hand did not reconcile to the total receipts issued for the day up to the time of the cash count, web dealer reports, and the approved change fund of \$8,100.00 (see observation No. 1). In addition, we noted that improvements have not been made toward resolving the observations made during the cash count conducted on September 23, 2019 as described below.

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 count exceeded receipts issued by \$593,164.50 due to the following:

- 699 dealer drop-off checks totaling \$592,464.35 received from June 7, 2021 up to the date of the cash count were not receipted.
 - 331 checks totaling \$446,901.51 were subsequently receipted between June 15, 2021 through June 22, 2021.
 - 40 checks totaling \$35,698.90 were rejected for various reasons based on the information provided on the dealer logs submitted after the cash count.

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JUDGE, 464TH D.C.

- Documentation for 115 checks totaling \$109,863.94 was not provided to determine if they were receipted or rejected after the cash count.
- 213 checks were blank at the time of the cash count (see observation No. 2). Of the 213 checks:
 - 140 checks totaling \$40,182.26 were receipted after the cash count.
 - 23 checks were rejected for various reasons based on the information provided on the dealer logs submitted after the cash count.
 - Documentation for 50 checks was not provided to determine if they were receipted or rejected.
- An overage in the amount of \$711.06. The overage was due to a void that a cashier was processing when the closeout was generated. We confirmed that a receipt was re-issued after the closeout reconciliation was performed.
- A \$0.09 cash overage was identified in a cashier's change fund at the time of the cash count. We noted that the overage was not acknowledged on the "Pharr Daily Work" schedule nor was it deposited with collections dated June 15, 2021. We contacted staff at the Pharr substation to inquire about the overage. We were informed that the overage had not been deposited. The overage was later deposited and recorded in the Short/Over-General Account balance sheet account instead of being remitted to the County Treasurer's Office as miscellaneous revenue.
- A shortage in the amount of \$11.00. The shortage was recorded in the Short/Over-General Account balance sheet account. We were not able to determine the cause for the shortage.

The County Auditor's Office requires that all payments, including dealer drop-off checks, be promptly and correctly recorded and controlled using pre-numbered official County receipts. In addition, the County Auditor's Office requires that cash receipts be deposited intact daily. 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 overages and shortages are properly accounted and reported may result in the loss or misuse of funds.

Recommendation:

Management should ensure that all payments are promptly receipted and deposited. Management should also retrain cashiers to ensure they 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:

- Transfer overages to the County Treasurer's miscellaneous revenue;
- Replenish shortages or request indemnification from Commissioners Court pursuant to Local Government Code §157.903;
- 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
- Immediately report shortages to the County Auditor's Office and the Sheriff's Office, regardless of the amount, if criminal conduct is suspected.

Observation No. 2:

We noted that the Motor Vehicle Department receives checks for dealer drop-off work that are made payable to the Tax Assessor/Collector; however, the lines for the numeric and written amounts are left blank. According

HIDALGO COUNTY DISTRICT JUDGES

to staff, fees for the department's services cannot always be readily determined; therefore, the dealers opt to send a blank check along with the recording documents. Once the amount is determined, the cashier writes the numeric and written dollar amounts on the check, the documents are recorded, and a receipt is issued.

The County Auditor's Office requires that prior to accepting a check as payment, the cashier verify that the numerical and written dollar amounts agree and are for the exact amount due. However, dealers that opt to send a blank check as part of their drop-off work should complete and submit an "Authorization to Complete Blank Check Amount" form to the Motor Vehicle Department. This form will provide the dealer's acknowledgment that they assume risk in sending a blank check and formally authorize a deputy at the Tax Office to enter the numerical and written dollar amounts for the exact amount due. The signed and original forms should be retained by the Motor Vehicle Department for their records and should be readily available at the County Auditor's Office request. Furthermore, cashiers should reference the "Authorization to Complete Blank Check Amount" forms prior to completing a blank check to ensure that the dealer has a form on file. If one is not on file, then the check should not be processed until a signed form is obtained from the dealer.

Failure to ensure that cashiers do not accept checks that are not properly completed unless an "Authorization to Complete Blank Check Amount" form is on file may result in the loss or misuse of County funds due to the County being liable for checks prepared by the cashier in error or a blank check misplaced by the department.

Recommendation:

Management should implement the enclosed "Authorization to Complete Blank Check Amount" form and have dealers complete and submit the form to the Motor Vehicle Department prior to accepting blank checks from them.

Observation No. 3:

We noted that two checks (one of which was from the prior day's collections) were not properly completed. Both checks had a blank payee line. According to staff, the checks were collected without a payee name due to an oversight.

Pursuant to County Auditor's Office Cash Handling Guidelines and Procedures, cashiers must verify that checks are properly completed. The check must contain the payor's name, address, driver's license number, date of birth, and phone number. Additionally, checks should be made payable to Hidalgo County or Hidalgo County and County official's name and title.

Failure to ensure that checks are properly completed may result in the bank not honoring the check for deposit.

Recommendation:

Management should ensure that checks are properly completed.

Repeat Observation No. 1:

We noted that the change fund assigned to the Motor Vehicle Division continues to be used to make change for both the Motor Vehicle and Tax Divisions. According to staff, management approved the use of the change fund for both divisions.

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

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 December 17, 2021 using the

HIDALGO COUNTY DISTRICT JUDGES

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 Osvaldo Escamilla, 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
County Auditor

Enclosures: Management Response Forms
Authorization to Complete Blank Check Amount Form

Cc: Mr. Valde Guerra, County Executive Officer
Ms. Eva Mireles, Chief of Operations
Mr. Santos Castilleja, Division Manager, Motor Vehicle License Section

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, 206TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

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

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

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

JOSE "JOE" RAMIREZ
JUDGE, 464TH D.C.



PABLO (PAUL) VILLARREAL JR
TAX ASSESSOR-COLLECTOR

Date: _____

AUTHORIZATION TO COMPLETE BLANK CHECK AMOUNT

I, _____ (business name if not an individual) authorize a deputy of the Hidalgo County Tax Office to write in the exact dollar amount of payment due on the check(s) I have provided for the motor vehicle transaction(s) submitted.

All other fields, including the PAY TO THE ORDER OF (payee) must be completed.

ACCEPTABLE CHECKS MUST BE MADE OUT TO THE FOLLOWING:

- a.) HIDALGO COUNTY,
- b.) HIDALGO COUNTY TAX ASSESSOR & COLLECTOR, or,
- c.) HIDALGO COUNTY PABLO (PAUL) VILLARREAL JR. ASSESSOR & COLLECTOR

UNDER NO CIRCUMSTANCE WILL A CHECK WITH A BLANK PAYEE BE ACCEPTED

I understand that this is a convenience service provided by the Hidalgo County Tax Office (Tax Office) and hold the Tax Office harmless from liability. This authorization letter will be retained by the Tax Office and will remain in effect until authorization is withdrawn in writing.

An owner or officer of a corporation must sign this letter of authorization.

Under penalty or perjury, I attest that I am authorized to sign this letter of authorization.

Customer Signature: _____

Print Name: _____

Title: _____

Company Name: _____

Address: _____

Telephone Number: _____