

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



November 29, 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:

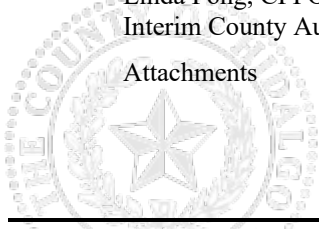
Department	Description
Ms. Hilda Ann Salinas, Interim Elections Administrator	Monthly Fees Report for July 2022 and August 2022
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Hidalgo County Tax Collected Reports for March 2022
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Hidalgo County Tax Collected Reports for April 2022 through July 2022
The Hon. Arturo Guajardo, Jr., Hidalgo County Clerk	Fee Monthly Report for April 2022 through June 2022
The Hon. Laura Hinojosa, Hidalgo County District Clerk	Monthly Fees Report for April 2022 through June 2022
The Hon. Gilberto Saenz, Justice of the Peace Pct. 1 Pl. 1	Monthly Fines and Fees Reports for January 2022 through March 2022
The Hon. Juan "J.J." Pena, Justice of the Peace Pct. 3 Pl. 2	Monthly Fines and Fees Reports for January 2022 through March 2022
The Hon. Gilberto Saenz, Justice of the Peace Pct. 1 Pl. 1	Monthly Fines and Fees Reports for April 2022 through June 2022
The Hon. Jesus Morales, Justice of the Peace Pct. 1 Pl. 2	Monthly Fines and Fees Reports for April 2022 through June 2022
The Hon. Bobby Contreras, Justice of the Peace Pct. 2 Pl.1	Monthly Fines and Fees Reports for April 2022 through June 2022
The Hon. Jaime J. Munoz, Justice of the Peace Pct. 2 Pl. 2	Monthly Fines and Fees Reports for April 2022 through June 2022
The Hon. Sonia "Dr." Trevino, Justice of the Peace Pct. 3 Pl. 1	Monthly Fines and Fees Reports for April 2022 through June 2022

Respectfully,

Linda Fong

Linda Fong, CPFO
 Interim County Auditor

Attachments



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. RENE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C.

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EDINBURG, TEXAS 78539

October 27, 2022

Ms. Hilda Ann Salinas, Interim Elections Administrator
Hidalgo County Elections Department
213 S. Closner Blvd.
Edinburg, Texas 78539

Re: MFR for July 2022 and August 2022

Dear Ms. Salinas:

We conducted a limited scope review of the *Monthly Fees Report* (MFR) and supporting documentation for the months of July 2022 and August 2022 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:

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 fees requires improvement.

1. Collections for 2 of 7 days in the month of July 2022 were remitted to the County Treasurer's Office 1 and 7 days after the 5th business day after collections were received.
2. A receipt issued in the month of July 2022 was voided incorrectly. The void was due to the fee being waived.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of July 2022 and August 2022. 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) and Local Government Code §114.002 (1).
- 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.

HIDALGO COUNTY DISTRICT JUDGES

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

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JUDGE, 464TH D.C.

- 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 accounts.
- 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 pursuant to Local Government Code §113.022 (a).
- Verified that receipts were properly completed and issued in sequential order.
- Verified that *Close-out Reports* were properly completed.

Conclusion:

Collections for the months of July 2022 and August 2022 totaled \$126,655.65 and \$248,086.90, 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 fees 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:

We noted that collections for 2 of 7 days in the month of July 2022 were remitted to the County Treasurer's Office 1 and 7 days after the 5th business day after collections were received. According to staff, collections were not deposited timely due the department preparing for a special election.

Pursuant to Local Government Code §113.022, "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. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received."

Failure to ensure collections are remitted timely may cause revenues to not be recognized in a timely manner and increases the risk that loss of theft can occur.

Recommendation:

Management should ensure that collections are remitted to the County Treasurer's Office in a timely manner. A person should be designated to take the deposit to the bank regardless of the workload.

Observation No. 2:

We noted that a receipt was voided incorrectly. The receipt was missing the reason for the void. Pursuant to the Close-Out Report, the receipt was voided because the fee for services was waived. According to the Accounting Clerk, the reason for the void was not noted on the face of the receipt, in error.

As per the Cash Handling Guidelines and Procedures, the supervisor must sign and date the voided receipt to document responsibility for verifying that all copies of the receipt are marked "VOID" on the face of the receipt, contain an explanation for the void, and contain the date the receipt was voided. In addition, pursuant to Government Code §552.267 (a), fees imposed by the governing body can only be waived by the governing body.

Failure to ensure receipts are properly voided may result in the loss or misuse of County funds. In addition, waivers of fees assessed for services provided will result in the loss of County funds.

Recommendation:

Management should ensure that receipts are properly voided. At minimum, the procedures noted above should be implemented. Furthermore, management should ensure that all fees assessed for services provided are collected.

HIDALGO COUNTY DISTRICT JUDGES

Ms. Hilda Ann Salinas
October 27, 2022
Page 3 of 3

Please email management responses to managementresponse@auditor.co.hidalgo.tx.us for the observations noted above by November 11, 2022.

If you have any questions, please contact Abigail Espinoza, MSA, Internal Auditor II, at (956) 318-2511 ext. 4652, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Rey Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
Interim County Auditor

Enclosure: Management Response Forms

cc: Mr. Valde Guerra, County Executive Officer
Mr. Vidal Ramon, Budget Officer, Department of Budget and Management

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JUDGE, 448TH D.C.

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



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

AUDITEE:	<u>Elections Department</u>	AUDIT NO.:	<u>July 2022 and August 2022 MFR</u>
AUDIT:	<u>Monthly Fee Report</u>	MANAGEMENT RESPONSE DUE:	<u>November 11, 2022</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

Management should ensure that collections are remitted to the County Treasurer's Office in a timely manner. A person should be designated to take the deposit to the bank regardless of the workload.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____

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September 14, 2022

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 Month of March 2022

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 March 2022 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.

1. Total deposits did not agree to the amount collected per the *Deposit Status Report - All Locations*.
2. Collections for 2 days in the month of March 2022 were transferred to the County Treasurer's Office 6 to 7 business days after the day the money was received.

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 March 2022. 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).

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 430TH D.C.

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

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

- 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.
- 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 March 2022 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 March 2022 as reported on 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 totaled \$9,248,594.57. 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:

- Total deposit shortages were \$358.32. Some significant shortages are as follow:
 - Cash shortage in the amount of \$203.98 at the Edinburg Tax Office.
 - Cash shortage in the amount of \$39.66 at the Mission Tax Office.
 - Cash shortage in the amount of \$112.87 at the Weslaco Tax Office.
- Total deposit overages were \$205.15. Some significant overages are as follow:
 - Cash overage on in the amount of \$118.75 at the Edinburg Tax Office.
 - Cash overage on in the amount of \$68.33 at the Weslaco Tax Office.

The shortages were not reported to the County 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.

HIDALGO COUNTY DISTRICT JUDGES

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

Collections for 2 days in the month of March 2022 were transferred to the County Treasurer's Office 6 to 7 business days after the day the money was received.

Pursuant to Local Government Code §113.022, "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. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received."

Failure to transfer collections in accordance with Local Government Code §113.022 prevents the timely recognition of revenues and may affect revenue projections.

Recommendation:

Management should ensure that collections are transferred to the County Treasurer's Office in a timely manner.

Please provide a written management response to the observations noted above on the attached Management Response Forms by September 28, 2022. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Marissa Castillo, Internal Auditor III, at 318-2511 ext. 4650, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

HIDALGO COUNTY DISTRICT JUDGES

Honorable Pablo "Paul" Villarreal Jr.
September 14, 2022
Page 4 of 4

Respectfully,



Linda Fong, CPFO
Interim Hidalgo County Auditor

Cc: Valde Guerra, County Executive Officer
Eva Mireles, Chief of Operations, Tax Office
Julio Espinosa, Property Tax Manager, Tax Office
Crystal Puente, Chief Accountant, Tax Office
Vidal Ramon, Budget Officer, Department of Budget and Management
Monica Salinas, Commissioners Court Administrator

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 464TH D.C.



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

AUDITEE:	Tax Office	AUDIT NO.:	Tax Collected Reports March 2022
AUDIT:	Tax Collected Reports	MANAGEMENT RESPONSE DUE:	September 28, 2022
FINDING No.:	2	RECOMMENDATION:	2

Management should ensure that collections are transferred to the County Treasurer's Office in a timely manner.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____

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EDINBURG, TEXAS 78539

October 18, 2022

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 April 2022 through July 2022

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 months of April 2022 through July 2022 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.

1. Total deposits did not agree to the amount collected per the *Deposit Status Report - All Locations*.
2. We noted that collections for 2 of 20 days in the month of April 2022, 3 of 21 days in the month of May 2022, 6 of 22 days in the month of June 2022, and 1 of 20 days in the month of July 2022 were transferred to the County Treasurer's Office 1 to 2 days after the 5th business day after collections were received.
3. The May 2022 and June 2022 *Hidalgo County Taxes Collected Reports* were submitted to the County Auditor's Office 5 days after the 15th day following the end of the month.

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 months of April 2022 through July 2022. 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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RENEE R. BETANCOURT
JUDGE, 448TH D.C.

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

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.
- 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 months of April 2022 through June 2022 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 months of April 2022 through July 2022 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 \$4,857,696.90, \$30,192,596.67, \$12,607,304.91, and \$2,800,330.15, respectively. 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 \$60.49 (April 2022); \$55.57 (May 2022); \$108.13 (June 2022); and \$207.36 (July 2022). Some significant shortages are as follow:
 - In April 2022 there was a cash shortage in the amount of \$20.00 at the Pharr Tax Office and a shortage in the amount of \$20.00 at the Edinburg Tax Office.
 - In May 2022 there was a cash shortage in the amount of \$50.00 at the Pharr Tax Office.
 - In June 2022 there was a cash shortage in the amount of \$100.00 at the Edinburg Tax Office.
 - In July 2022 there was a cash shortage in the amount of \$144 at the Weslaco Tax Office.

HIDALGO COUNTY DISTRICT JUDGES

- Deposits were over a total of \$648.24 (April 2022); \$54.05 (May 2022); \$40.98 (June 2022); and \$111.33 (July 2022). Some significant overages are as follow:
 - In April 2022 there was a cash overage in the amount of \$599.00 at the Weslaco Tax Office and an overage in the amount of \$30.00 at the Edinburg Tax Office.
 - In May 2022 there was a cash overage in the amount of \$20.01 at the Edinburg Tax Office.
 - In July there was a cash overage in the amount of \$20.00 at the San Juan Tax Office and an overage in the amount of \$80.00 at the Edinburg Tax Office.

The shortages were not reported to the County 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 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 Office as 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 collections for 2 of 20 days in the month of April 2022, 3 of 21 days in the month of May 2022, 6 of 22 days in the month of June 2022, and 1 of 20 days in the month of July 2022 were transferred to the County Treasurer's Office 1 to 2 days after the 5th business day after collections were received.

Pursuant to Local Government Code §113.022, "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. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received."

Failure to ensure collections are transferred timely may cause revenues to not be recognized in a timely manner and increase the risk that loss of theft can occur.

HIDALGO COUNTY DISTRICT JUDGES

Recommendation:

Management should ensure that collections are remitted to the County Treasurer's Office in a timely manner.

Observation No. 3:

The May 2022 and June 2022 *Hidalgo County Taxes Collected Reports* were submitted to the County Auditor's Office 5 days after the 15th day following the end of the month.

Pursuant to Tax Code §31.10, "Each month the collector of taxes for a taxing unit shall prepare and submit to the governing body of the unit a written report made under oath accounting for all taxes collected for the unit during the preceding month. Reports of collections made in the months of October through January are due on the 25th day of the month following the month that is the subject of the report. Reports of collections made in all other months are due on the 15th day of the month following the month that is the subject of the report."

Failure to ensure the monthly reports and all supporting documentation are submitted in accordance with Tax Code §31.10 will delay the review process causing revenues to not be recognized in a timely manner and may affect revenue projections.

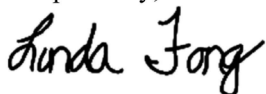
Recommendation:

Management should ensure that *Hidalgo County Taxes Collected Reports* and all supporting documentation are submitted to the County Auditor's Office in a timely manner.

Please provide a written management response for the observations noted above on the attached Management Response Forms by November 2, 2022. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Marissa Castillo, Internal Auditor III, at 318-2511 ext. 4650, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
Interim County Auditor

Enclosure: Management Response Forms

Cc: Ms. Eva Mireles, Chief of Operations, Tax Office
Mr. Julio Espinosa, Property Tax Manager, Tax Office
Ms. Crystal Puente, Chief Accountant, Tax Office
Mr. Valde Guerra, County Executive Officer
Mr. Vidal Ramon, Budget Officer, Department of Budget and Management

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, 376TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

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JUDGE, 398TH D.C.

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

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

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



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

AUDITEE:	_____ Tax Office	AUDIT NO.:	_____ Tax Collected Reports for Apr-Jul 2022
AUDIT:	_____ Tax Collected Reports	MANAGEMENT RESPONSE DUE:	_____ November 2, 2022
FINDING No.:	_____ 1	RECOMMENDATION:	_____ 1

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:

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

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	Tax Office	AUDIT NO.:	Tax Collected Reports for Apr-Jul 2022
AUDIT:	Tax Collected Reports	MANAGEMENT RESPONSE DUE:	November 2, 2022
FINDING No.:	2	RECOMMENDATION:	2

Management should ensure that collections are remitted to the County Treasurer's Office in a timely manner.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____

COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

September 16, 2022

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

Re: Fee MFR for April 2022 through June 2022

Dear Mr. Guajardo:

We conducted a limited scope review of the Fee *Monthly Fees Report* (MFR) for the months of April 2022 through June 2022 pursuant to Local Government Code §115.002 (a) and (b). 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 as noted in the observations below.

1. The Fee account reflects a shortage of \$52.00.
2. As of June 30, 2022, funds received from the Texas Comptroller's Office on June 17, 2020 (\$26.00), December 13, 2021 (\$52.00), June 8, 2022 (\$52.00), and funds received from the Texas Workforce Commission on April 15, 2022 (\$26.00) have not been received in *Kofile*.
3. We noted that 7 of 865 credit card receipts issued during the month of April 2022, 4 of 857 credit card receipts issued during the month of May 2022, and 6 of 860 credit card receipts issued during the month of June 2022 were received with the incorrect reference number.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of April 2022 through June 2022. 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.

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.

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JUDGE, 448TH D.C.

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

- 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 2022 through June 2022 totaled \$581,161.67, \$577,923.98, and \$547,367.01, 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:

As of March 31, 2022, 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 receipted 3 times on November 18, 2020, December 2, 2020 and January 8, 2021.

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 receipted 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 collection efforts have been exhausted, management should request indemnification from Commissioners Court.

Observation No. 2:

As of June 30, 2022, funds received from the Texas Comptroller's Office on June 17, 2020 (\$26.00), December 13, 2021 (\$52.00), June 8, 2022 (\$52.00), and funds received from the Texas Workforce Commission on April 15, 2022 (\$26.00) have not been receipted in *Kofile*. According to the County Clerk's Internal Auditor, the deposits have not been receipted since documentation to support the payment has not been received from the Texas Comptroller's Office or the Texas Workforce Commission. The County Clerk's Office is working with a Texas Comptroller's Office and the Texas Workforce Commission's Office representative to identify the documents that correspond to the deposits made.

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

HIDALGO COUNTY DISTRICT JUDGES

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 required documentation, a request to reimburse the funds to the Texas Comptroller's Office should be submitted to the County Auditor's Office.

Observation No. 3:

We noted that 7 of 865 credit card receipts issued during the month of April 2022, 4 of 857 credit card receipts issued during the month of May 2022, and 6 of 860 credit card receipts issued during the month of June 2022 were receipted with the incorrect reference number. According to the County Clerk's Internal Auditor, the errors were due to an oversight by clerks. In addition, clerks will be instructed to review the credit cards at various points during the day for proper referencing.

The County Auditor's Office requires that all collections (i.e., cash, checks, credit card payments, etc.) received be promptly recorded with the correct reference number.

Failure to ensure that the receipts contain the correct reference number increases the risk of receipting errors not being identified.

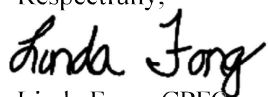
Recommendation:

Management should ensure that receipts are issued with the correct reference number. At a minimum, the procedures noted above should be implemented.

Please provide a written management response to the observations noted above on the attached Management Response Forms by October 1, 2022. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

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, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
Interim County Auditor

Enclosure: Management Response Forms

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

HIDALGO COUNTY DISTRICT JUDGES



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

AUDITEE:	<u>Hidalgo County Clerk</u>	AUDIT NO.:	<u>MFR for Apr1 - June 2022</u>
AUDIT:	<u>MFR</u>	MANAGEMENT RESPONSE DUE:	<u>October 1, 2022</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

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 collection efforts have been exhausted, management should request indemnification from Commissioners Court.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>Hidalgo County Clerk</u>	AUDIT NO.:	<u>MFR for Apr1 - June 2022</u>
AUDIT:	<u>MFR</u>	MANAGEMENT RESPONSE DUE:	<u>October 1, 2022</u>
FINDING No.:	<u>2</u>	RECOMMENDATION:	<u>2</u>

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 required documentation, a request to reimburse the funds to the Texas Comptroller's Office should be submitted to the County Auditor's Office.

Management Response (Choose One):

 AGREE TO TAKE REMEDIAL ACTION (Action Plan attached)

 AGREE TO ACCEPT RISK OF NOT TAKING REMEDIAL ACTION

 DISAGREE THAT RISK EXISTS (Specify below)

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>Hidalgo County Clerk</u>	AUDIT NO.:	<u>MFR for Apr1 - June 2022</u>
AUDIT:	<u>MFR</u>	MANAGEMENT RESPONSE DUE:	<u>October 1, 2022</u>
FINDING No.:	<u>3</u>	RECOMMENDATION:	<u>3</u>

Management should ensure that receipts are issued with the correct reference number. At a minimum, the procedures noted above should be implemented.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____

COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

September 14, 2022

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

Re: MFR for April 2022 through June 2022

Dear Ms. Hinojosa:

We conducted a limited scope review of the *Monthly Fees Report* (MFR) and supporting documentation for the months of April 2022 through June 2022 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 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 April 2022 through June 2022. 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 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.
- Verified that collections per the MFR agreed to: 1.) total receipts issued per *Odyssey's* Receipt Journal Report, 2.) total collections per *Odyssey's* Fee Distribution Reports, 3.) total deposits made with the County Treasurer, and 4.) total deposits posted to *Alio's* Undistributed Receipts general ledger account.
- Verified that the jail time ordered to be served by the defendant as stated on the Judgment Order agreed to the jail time reported on the Sheriff's "D" Monthly Report.
- Verified the sequence of receipts per the MFR agreed to *Odyssey's* Receipt Journal Report for civil and criminal collections. In addition, verified that receipts were 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.

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JUDGE, 430TH D.C.

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

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

- Reviewed randomly selected receipts to determine if fines, fees, and court costs were allocated and reported in the proper amounts.
- Verified that the *Cashier's Daily Fund Reports* and bank deposit slips were properly completed and accurate.
- Reviewed *Revenue Remittance Reports* and County Treasurer receipts to determine if fees collected were deposited with the County Treasurer in a timely manner.
- Verified that receipts, *Revenue Remittance Reports*, MFR, and mail logs were properly completed.

Conclusion:

Collections for the months of April 2022 through June 2022 totaled \$425,433.69, \$343,259.17, and \$356,854.48, respectively. Based on the review, we concluded that fines, fees, and court costs collected were generally properly accounted and reported.

If you have any questions, please contact Edgar Alan Escobedo, Internal Auditor II, at 318-2511 ext. 4655, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
Interim County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Ms. Sabrina Guerra, Accountant IV, District Clerk's Office

HIDALGO COUNTY DISTRICT JUDGES

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

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COUNTY of HIDALGO

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2808 South Business Highway 281
Edinburg, Texas 78539-6243
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August 23, 2022

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 Jan-Mar 2022

Dear Judge Saenz:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of January 2022 through March 2022 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. We noted that 76 of 1,543 transactions during the months of January 2022 through March 2022 contained errors in the allocation of fines, fees, and court costs.
2. We noted that 4 of 80 online credit card transactions for the month of January 2022 were receipted 32 to 34 days after the transaction date.
3. We noted that 3 of 121 transactions for the month of January 2022, 1 of 161 transactions for the month of February 2022, and 10 of 229 transactions for the month of March 2022 were receipted incorrectly.
4. Procedures for the Scofflaw Program have not been properly implemented

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 have not been forfeited (liquidated).
2. Copies of the May 2013 and August 2013 through March 2022 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to Office of Court Administration (OCA).
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), November 2020 (1), December 2021 (1), and February 2022 (2) have not had the jail time credit applied to the case, the case status has not been closed, and the Sheriff's "Discharge" receipt number has not been referenced on the case.

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, 448TH 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 January 2022 through March 2022. 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 January 2022 through March 2022 totaled \$59,138.70, \$68,614.15, and \$104,855.90, 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.

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

Current Observation No. 1:

We noted that 76 of 1,543 transactions during the months of January 2022 through March 2022 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 continue to 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.

Current Observation No. 2:

We noted 4 of 80 online credit card transactions for the month of January 2022 were receipted 32 to 34 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 since the credit card reports were generated using the incorrect dates.

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 credit card reports should be generated every morning for the previous day to ensure that all transactions that occurred after the close of the day are receipted timely. Furthermore, 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 transactions are receipted promptly and case dispositions are entered in a timely manner. The credit card reports should be generated every morning for the previous day to ensure that all transaction that occurred after the close of the day are receipted timely.

HIDALGO COUNTY DISTRICT JUDGES

Current Observation No. 3:

We noted that 3 of 121 judgmentally selected transactions for the month of January 2022, 1 of 161 transactions for the month of February 2022, and 10 of 229 for the month of March 2022 were receipted incorrectly. The receipts had the incorrect reference number and/or payor's address. According to the Court Coordinator, the errors were due to an oversight by clerks.

The County Auditor's Office requires that all transactions be receipted with the correct reference number and payor information.

Failure to ensure that all transactions are receipted with the correct reference number and payor information increases the risk of errors not being identified.

Recommendation:

Management should ensure that all transactions are receipted with the correct reference number and payor information.

Current Observation No. 4:

We reviewed 21 out of 140 *Scofflaw Release Forms* for the month of March 2022. We noted that procedures for the Scofflaw Program have not been properly implemented and the form was not filled out completely as follows:

1. For 12 of 21 forms, the outstanding balance noted on the *Scofflaw Release Form* did not agree to the amount in *Odyssey*.
2. For 11 of 21 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 3 of 21 forms, the *Scofflaw Release Form* was signed and sealed (approved) by the authorized representative of the court prior to receipt of the "Motion/Order to Dismiss" Form.
4. For 5 of 21 forms, a copy of the signed "Motion/Order to Dismiss" Form was not attached to the *Scofflaw Release Form*.
5. For 5 of 21 forms, the outstanding balance was not zeroed out and a case disposition was not entered in *Odyssey* prior to approving the *Scofflaw Release Form*. In addition, the case disposition entered in *Odyssey* did not agree to the disposition on the *Scofflaw Release Form*.
6. For 2 of 21 forms, the proof of dismissal was not scanned and entered in *Odyssey*.
7. For 8 of 21 forms, the payment type was not selected on the *Scofflaw Release Form*.
8. For 3 of 21 forms, the Scofflaw Collected selection was not made on the *Scofflaw Release Form*.
9. For 1 of 21 forms, the Case Disposition/Status type was not selected on the *Scofflaw Release Form*.
10. For 4 of 21 forms, the official county receipt number was not entered 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 off on 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.

The County Auditor's Office requires that the *Scofflaw Release Forms* are completely filled out. In addition, 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:

1. The amount receipted in *Odyssey* must agree to the outstanding balance noted on the *Scofflaw Release Form*.

HIDALGO COUNTY DISTRICT JUDGES

2. 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.
3. 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.
4. A copy of the signed “motion/order to dismiss” form must be attached to the *Scofflaw Release Form*.
5. 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*.
6. 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 entered in *Odyssey*.
7. *Scofflaw Release Forms* should have the payment type, scofflaw collected, and case disposition/status type selected.
8. The official county receipt number should 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.

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 two bonds have not been forfeited. According to staff, the bond received on May 24, 2016 cannot be forfeited due to technical complications 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 May 2013 and August 2013 through March 2022 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.

HIDALGO COUNTY DISTRICT JUDGES

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), November 2020 (1), December 2021 (1), and February 2022 (2) have not had the jail time credit applied to the case, the case status has not been closed, and the Sheriff’s “Discharge” receipt number has not been 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 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 August 29, 2022.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
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The Honorable Gilberto Saenz
August 23, 2022
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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 II, at (956) 318-2511 at ext. 4649, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
Hidalgo County Interim County Auditor

cc: Valde Guerra, County Executive Officer
Daniel Salinas, Director, Information Technology Department
Clarissa Longoria, CIJS Manager, Information Technology Department
Yvonne Ybarra, CIJS Support Specialist, Information Technology Department
Vidal Ramon, Budget Officer, Department of Budget and Management
Monica Salinas, Commissioners Court Administrator

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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



August 24, 2022

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 Jan-Mar 2022

Dear Judge Peña:

We conducted a limited scope review of the *Monthly Fines and Fees Reports* (MFFRs) and supporting documentation for the months of January 2022 through March 2022 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. We noted that 160 of 2,165 transactions during the months of January 2022 through March 2022 contained errors in the allocation of fines, fees, and court costs.
2. The January 2022 through March 2022 *Monthly Reports* were submitted to the County Auditor's Office 2 to 10 days after the fifth day following the end of the month.
3. Procedures for the Scofflaw Program have not been properly implemented.
4. We noted that 3 of 263 judgmentally selected transactions for the month of February 2022 and 7 of 501 transactions for the month of March 2022 were receipted incorrectly.

Repeat Observations:

1. Copies of the January 2014 through June 2014 and September 2014 through March 2022 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. 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 have not been forfeited (liquidated).
3. We noted that 26 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), August 2021 (1), December 2021 (2), January 2022 (1), and February 2022 (4) have not had the cash payment and/or jail time credit applied to the case, the case statuses have not been closed, and the Sheriff's "Discharge" receipt numbers have not been referenced on the cases.

HIDALGO COUNTY DISTRICT JUDGES

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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 January 2022 through March 2022. 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 January 2022 through March 2022 totaled \$94,334.38, \$103,613.43, and \$207,612.60, 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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JUDGE, 464th D.C.

Current Observation No. 1:

We noted that 160 of 2,165 transactions during the months of January 2022 through March 2022 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, adjustments will be worked on 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.

Current Observation No. 2:

The January 2022 through March 2022 *Monthly Reports* were submitted to the County Auditor’s Office 2 to 10 days after the fifth day following the end of the month. According to the Court Coordinator, the *Monthly Reports* were submitted late due to an oversight and pending the receipt of County Treasurer’s receipts.

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

Current Observation No. 3:

We randomly selected 24 of 158 *Scofflaw Release Forms* for the month of March 2022. We noted that procedures for the Scofflaw Program have not been properly implemented and the form was not filled out completely as follows:

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.

1. For 3 of 24 forms, the amount received in *Odyssey* did not agree to the outstanding balance noted on the *Scofflaw Release Form*.
2. For 1 of 24 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 6 of 24 forms, the case disposition entered in *Odyssey* did not agree to the disposition on the *Scofflaw Release Form*.
4. For 8 of 24 forms, *Scofflaw Release Forms* did not have a copy of the official county receipt attached as proof of payment.
5. For 1 of 24 forms, the approved *Scofflaw Release Form* was not scanned and entered in *Odyssey*.
6. For 2 of 24 forms, the *Scofflaw Release Form* was signed and sealed (approved) by the authorized representative of the court prior to receipt of the “Motion/Order to Dismiss” form.
7. For 2 of 24 forms, a copy of the signed “Motion/Order to Dismiss” form was not attached to the *Scofflaw Release Form*.
8. For 1 of 24 forms, the outstanding balance was not zeroed out.
9. For 1 of 24 forms, evidence that jail time was served was not attached to the *Scofflaw Release Form*.
10. For 2 of 24 forms, the Case Disposition/Status type and Scofflaw Collected selection was not made on the *Scofflaw Release Form*.
11. For 1 of 24 forms, the Case Disposition date was not entered in *Odyssey*.
12. For 8 of 24 forms, the official county receipt number was not noted on the *Scofflaw Release Form*.
13. For 1 of 24 forms, a copy of the evidence that the community service was completed must be attached to the form.

The Court Coordinator stated that staff will be re-trained on how to properly fill out the *Scofflaw Release Form*, the Justice of the Peace will sign *Scofflaw Release Forms* for cases being dismissed, and proper notes will be added in the case events.

The County Auditor’s Office requires that the *Scofflaw Release Forms* are completely filled out. In addition, 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 received 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 entered in *Odyssey* must agree to the disposition on the *Scofflaw Release Form*.
- d. A 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.
- e. The *Scofflaw Release Form* must be scanned and entered in *Odyssey*.
- f. The *Scofflaw Release Form* must be signed and sealed (approved) by the authorized representative of the court only after receipt of the “Motion to Dismiss” Form.
- g. A copy of the signed “Motion to Dismiss” Form must be attached to the *Scofflaw Release Form*.
- h. The outstanding balance must be zeroed out.
- i. A copy of the evidence that jail time was served must be attached to the *Scofflaw Release Form*.
- j. *Scofflaw Release Forms* should have the Payment Type, Scofflaw Collected, and Case Disposition/Status Type selected.
- k. The Case Disposition date must be entered in *Odyssey*.
- l. The official county receipt number should be noted on the *Scofflaw Release Form*.
- m. A copy of the evidence that the community service was completed must be attached to the *Scofflaw Release Form*.

HIDALGO COUNTY DISTRICT JUDGES

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. 4:

We noted that 3 of 263 judgmentally selected transactions for the month of February 2022 and 7 of 501 transactions for the month of March 2022 were receipted incorrectly. The receipts had the incorrect reference number and/or payor’s address. In addition, one of the checks did not have the docket number noted on the check. 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 recorded with the correct reference number, complete payor information, and the docket number noted on the check.

Failure to ensure that the receipts contain the correct reference number, complete payor information, and the docket number noted on the check increases the risk of receipting errors not being identified.

Recommendation:

Management should ensure that all transactions are receipted properly. At a minimum, the receipt should contain the correct reference number and payor information. In addition, the docket number should be noted on the check.

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 March 2022 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.

HIDALGO COUNTY DISTRICT JUDGES

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.

Repeat Observation No. 3:

We noted that 26 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), August 2021 (1), December 2021 (2), January 2022 (1), and February 2022 (4) 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, the cases have not been properly closed due to heavy workload and being 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.

Please provide written management responses for the observations noted above by September 2, 2022.

HIDALGO COUNTY DISTRICT JUDGES

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

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JUDGE, 93rd D.C.

J. R. “BOBBY” FLORES
JUDGE, 138th D.C.

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JUDGE, 398th 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.

The Honorable Juan "J. J." Peña
August 24, 2022
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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 II, at 318-2511 ext. 4649, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
Hidalgo County Interim County Auditor

cc: Valde Guerra, County Executive Officer
Vidal Ramon, Director, Budget and Management
Monica Salinas, Commissioners Court Administrator
Dana Rodriguez, Court Coordinator, Justice of the Peace Pct. 3, Pl. 2
Daniel Salinas, Director, Information Technology Department
Clarissa Longoria, CIJS Manager, Information Technology Department

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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

September 15, 2022

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 April-June 2022

Dear Judge Saenz:

We conducted a limited scope review of the *Monthly Fines and Fees Reports (MFFRs)* and supporting documentation for the months of April 2022 through June 2022 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. 76 of 1,631 transactions during the months of April 2022 through June 2022 contained errors in the allocation of fines, fees, and court costs.
2. The June 2022 monthly report was submitted 7 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. 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 have not been forfeited (liquidated).
2. Copies of the May 2013 and August 2013 through June 2022 Office of Court Administration's "Official Justice of the Peace Monthly Reports" (OCA Reports) have not been submitted to Office of Court Administration (OCA).
3. 9 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), November 2020 (1), December 2021 (1), February 2022 (2), and April 2022 (2) 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.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY
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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 2022 through June 2022. 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 2022 through June 2022 totaled \$71,758.25, \$70,540.05, and \$65,411.80, 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

Current Observation No. 1:

We noted that 76 of 1,631 transactions during the months of April 2022 through June 2022 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. According to the Court Coordinator, she will continue to 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.

Current Observation No. 2:

We noted that the June 2022 Monthly Report was submitted 7 days after the fifth day following the end of the month. According to the Court Coordinator, the June 2022 Monthly Report was not submitted timely due to an oversight.

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.

Current Observation No. 3:

We reviewed 15 of 101 *Scofflaw Release Forms* for the month of April 2022. We noted that procedures for the Scofflaw Program have not been properly implemented and the form was not filled out completely as follows:

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, 448TH D.C.

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

1. For 7 of 15 forms, the outstanding balance noted on the *Scofflaw Release Form* did not agree to the amount receipted in *Odyssey*.
2. For 6 of 15 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 1 of 15 forms, the *Scofflaw Release Form* was signed by the Judge approving the change in outstanding balance; however, the reduced balance was not noted on the form.
4. For 5 of 15 forms, a copy of the "Motion/Order to Dismiss" form was not attached to the *Scofflaw Release Form*.
5. For 2 of 15 forms, the outstanding balance was not zeroed out and a case disposition was not entered in *Odyssey* prior to approving the *Scofflaw Release Form*. In addition, the case disposition did not agree to the disposition entered on the *Scofflaw Release Form*.
6. For 1 of 15 forms, the "Motion/Order to Dismiss" form was not scanned and entered in *Odyssey*.
7. For 7 of 15 forms, the *Scofflaw Release Form* did not have a copy of the official County receipt attached as proof of payment.
8. For 3 of 15 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 off on 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*. The *Scofflaw Release Form* should be completely filled out. 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. A copy of the signed "motion/order to dismiss" form must be attached to the *Scofflaw Release Form*.
- d. 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*.
- e. 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 entered in *Odyssey*.
- f. A 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.
- g. *Scofflaw Release Forms* should have the Payment Type, Scofflaw Collected, and Case Disposition/Status Type 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.

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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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, 448TH D.C.

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

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 *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 June 2022 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 nine 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), November 2020 (1), December 2021 (1), February 2022 (2), and April 2022 (2) 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 because she did not receive the Sheriff’s “Discharge” Report from the Sheriff’s Office.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 464th D.C.

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 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 contact the Sheriff's Office to request that the Sheriff's "Discharge" Report be sent to the Justice of the Peace Office. The jail time credit should be entered and case status should be changed in *Odyssey* 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 a written management response to the observations noted above on the attached Management Response Forms by September 30, 2022. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

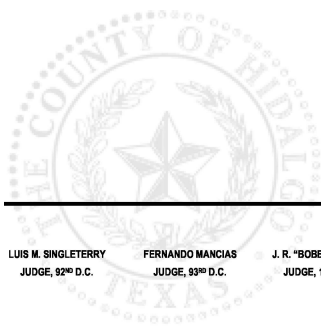
If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Osvaldo Escamilla, Internal Auditor II, at (956) 318-2511 at ext. 4647, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, Director of Audit Division, at ext. 4651, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
Hidalgo County Interim County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Vidal Ramon, Budget Officer, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Luisa Ontiveros, Court Coordinator, Justice of the Peace Pct. 1, Pl. 1
Mr. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department



HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 446TH D.C.

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



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

AUDITEE:	<u>JP Gilberto Saenz Precinct 1, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr-June 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

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.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Gilberto Saenz Precinct 1, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr-June 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>2</u>	RECOMMENDATION:	<u>2</u>

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.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Gilberto Saenz Precinct 1, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr-June 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>3</u>	RECOMMENDATION:	<u>3</u>

Management should ensure that the Scofflaw Release Forms are properly completed and that the procedures for the Scofflaw Release program are properly followed.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Gilberto Saenz Precinct 1, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr-June 2022</u>
AUDIT:	<u>MFFR Repeat Observation</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>No.1</u>	RECOMMENDATION:	<u>Repeat Recomendation No.1</u>

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.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Gilberto Saenz Precinct 1, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr-June 2022</u>
AUDIT:	<u>MFFR Repeat Observation</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>No.2</u>	RECOMMENDATION:	<u>Repeat Recommendation No.2</u>

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.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Gilberto Saenz Precinct 1, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr-June 2022</u>
AUDIT:	<u>MFFR Repeat Observation</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>No.3</u>	RECOMMENDATION:	<u>Repeat Recommendation No.3</u>

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.

Management Response (Choose One):

 AGREE TO TAKE REMEDIAL ACTION (Action Plan attached)

 AGREE TO ACCEPT RISK OF NOT TAKING REMEDIAL ACTION

 DISAGREE THAT RISK EXISTS (Specify below)

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____

COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

September 14, 2022

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 April 2022-June 2022

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 2022 through June 2022 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. 27 of 1,016 transactions during the months of April 2022 through June 2022 contained errors in the allocation of fines, fees, and court costs.
2. 1 of 48 online credit card transactions for the month of April 2022 and 1 of 38 online credit card transactions for the month of June 2022 were receipted 6 and 19 days, respectively, after the transaction date.
3. Procedures for the Scofflaw Program have not been properly implemented.

Repeat Observation:

1. Copies of the April 2014 through June 2022 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 2022 through June 2022. 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, 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 2022 through June 2022 totaled \$44,429.85, \$35,419.90, and \$42,449.74 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.

Current Observation No. 1:

We noted that 27 of 1,016 transactions during the months of April 2022 through June 2022 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

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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 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.

Current Observation No. 2:

We noted that 1 of 48 online credit card transactions for the month of April 2022 and 1 of 38 online credit card transactions for the month of June 2022 were receipted 6 and 19 days, respectively, 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 of not generating the credit card reports for the correct time frame.

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 credit card reports should be generated every morning for the previous day to ensure that all transactions that occurred after the close of the day are receipted timely. Furthermore, 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 transactions are receipted promptly and case dispositions are entered in a timely manner. The credit card reports should be generated every morning for the previous day to ensure that all transactions that occurred after the close of the day are receipted timely.

Current Observation No. 3:

We randomly selected 12 of 84 *Scofflaw Release Forms* for the month of April 2022. We noted that procedures for the Scofflaw Program have not been properly implemented and the forms were not filled out completely as follows:

1. For 7 of 12 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.
2. For 4 of 12 forms, the Payment Type was not selected on the *Scofflaw Release Form*.
3. For 8 of 12 forms, the Case Disposition/Status type was not selected on the *Scofflaw Release Form*.
4. For 1 of 12 forms, the outstanding balance was not zeroed out in *Odyssey* after fines and costs had been waived.
5. For 1 of 12 forms, a copy of the signed “Motion/Order to Dismiss” form was not attached to the *Scofflaw Release Form*.
6. For 9 of 12 forms, the *Scofflaw Release Form* did not have a copy of the official County receipt attached as proof of payment.

HIDALGO COUNTY DISTRICT JUDGES

7. For 4 of 12 forms, the outstanding balance was not paid in full.

According to the Court Coordinator, the forms and 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*. The *Scofflaw Release Form* should be completely filled out. 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. *Scofflaw Release Forms* should have the payment type and case disposition/status selected.
- c. 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*.
- d. A copy of the signed "motion/order to dismiss" form must be attached to the *Scofflaw Release Form*.
- e. A 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.
- f. The outstanding balance must be paid in full. The defendants placed in time payment plan will not be able to register or renew their motor vehicle registration.

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 April 2014 through June 2022 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.

HIDALGO COUNTY DISTRICT JUDGES

Please provide a written management response to the observations noted above on the attached Management Response Forms by September 29, 2022. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Osvaldo Escamilla, Internal Auditor II, at 318-2511 ext. 4647, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
Interim County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Vidal Ramon, Budget Officer, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Irene Cardenas, Court Coordinator, Justice of the Peace Pct. 1, Pl. 2
Mr. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department

HIDALGO COUNTY DISTRICT JUDGES

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OVERSEER

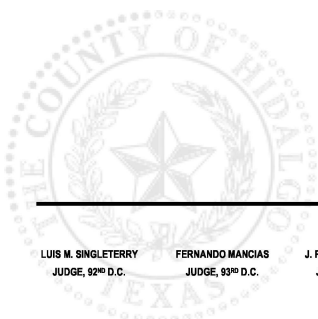
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JUDGE, 464TH D.C.





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

AUDITEE:	<u>JP Jesus Morales Precinct 1, Place 2</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 29, 2022</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

Management should develop and implement formal procedures to ensure that fines, fees, and court costs are properly allocated and reported.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Jesus Morales Precinct 1, Place 2</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 29, 2022</u>
FINDING No.:	<u>2</u>	RECOMMENDATION:	<u>2</u>

Management should ensure that the Court Coordinator verifies that all transactions are receipted promptly and case dispositions are entered in a timely manner. The credit card reports should be generated every morning for the previous day to ensure that all transaction that occurred after the close of the day are receipted timely.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Jesus Morales Precinct 1, Place 2</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 29, 2022</u>
FINDING No.:	<u>3</u>	RECOMMENDATION:	<u>3</u>

Management should ensure that the Scofflaw Release Form is properly completed and that the procedures for the Scofflaw program are properly followed.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Jesus Morales Precinct 1, Place 2</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR Repeat Observation</u>	MANAGEMENT RESPONSE DUE:	<u>September 29, 2022 Repeat Recommendation</u>
FINDING No.:	<u>No.1</u>	RECOMMENDATION:	<u>No.1</u>

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.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____

COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

September 15, 2022

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 April 2022-June 2022

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 2022 through June 2022 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. 36 of 1,161 transactions during the months of April 2022 through June 2022 contained errors in the allocation of fines, fees, and court costs.
2. 5 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 the months of March 2022 (2) and April 2022 (3) 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.
3. The April 2022, May 2022, and June 2022 *MFFRs* were submitted to the County Auditor's Office 3 days, 1 day, and 15 days, respectively, after the fifth day following the end of the month.
4. 2 of 100 online credit card transactions for the month of April 2022 and 2 of 85 online credit card transactions for the month of May 2022 were received 2 to 4 days after the transaction date.

Repeat Observation:

1. Copies of the June 2014 through August 2014 and April 2015 through June 2022 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).

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 449TH D.C.

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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 2022 through June 2022. 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 2022 through June 2022 totaled \$91,983.95, \$81,628.90, and \$62,466.92, 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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Current Observation No. 1:

We noted that 36 of 1,161 transactions during the months of April 2022 through June 2022 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. According to the Court Coordinator, 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.

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.

Current Observation No. 2:

We noted that 5 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 the months of March 2022 (2) and April 2022 (3) 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, the cases did not have the cash payment and/or jail time credit applied since they did not receive the Sheriff's "Discharge" reports from the Sheriff's Office.

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 Sheriff's Department to request that the Sheriff's "Discharge" report is sent to the Justice of the Peace Office on a monthly basis. In addition, the 5 cases should be immediately receipted. The proper case dispositions should be entered in a timely manner (i.e., warrants are recalled; cash payments and/or jail time credits applied; cases are properly closed; and the 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.

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Current Observation No. 3:

We noted that the April 2022, May 2022, and June 2022 *MFFRs* were submitted to the County Auditor’s Office 3 days, 1 day, and 15 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 *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.

Current Observation No.4:

We noted that 2 of 100 online credit card transactions for the month of April 2022 and 2 of 85 online credit card transactions for the month of May 2022 were receipted 2 to 4 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 and heavy workload.

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 credit card reports should be generated every morning for the previous day to ensure that all transactions that occurred after the close of the day are receipted timely. Furthermore, 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 transactions are receipted promptly and case dispositions are entered in a timely manner. The credit card reports should be generated every morning for the previous day to ensure that all transactions that occurred after the close of the day are receipted timely.

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 2022 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

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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 a written management response to the observations noted above on the attached Management Response Forms by September 30, 2022. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Osvaldo Escamilla, Internal Auditor II, at 318-2511 ext. 4647, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
Interim County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Vidal Ramon, Budget Officer, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Adasa Trevino, Court Coordinator, Justice of the Peace Pct. 2, Pl. 1
Mr. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department

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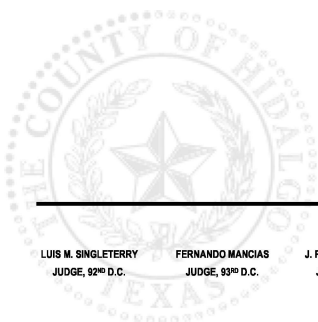
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**HIDALGO COUNTY AUDITOR'S OFFICE
INTERNAL AUDIT DIVISION
MANAGEMENT RESPONSE FORM**

AUDITEE:	<u>JP Bobby Contreras Precinct 2, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr - Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

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.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Bobby Contreras Precinct 2, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr - Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>2</u>	RECOMMENDATION:	<u>2</u>

Management should contact the Sheriff's Department to request that the Sheriff's "Discharge" report is sent to the Justice of the Peace Office on a monthly basis. In addition, the 5 cases should be immediately receipted. The proper case dispositions should be entered in a timely manner (i.e., warrants are recalled; cash payments and/or jail time credits applied; cases are properly closed; and the 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.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Bobby Contreras Precinct 2, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr - Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>3</u>	RECOMMENDATION:	<u>3</u>

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

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Bobby Contreras Precinct 2, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr - Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>4</u>	RECOMMENDATION:	<u>4</u>

Management should ensure that the Court Coordinator verifies that all transactions are receipted promptly and case dispositions are entered in a timely manner. The credit card reports should be generated every morning for the previous day to ensure that all transaction that occurred after the close of the day are receipted timely.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Bobby Contreras Precinct 2, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr - Jun 2022</u>
AUDIT:	<u>MFFR Repeat Observation</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022 Repeat Recommendation</u>
FINDING No.:	<u>No. 1</u>	RECOMMENDATION:	<u>No. 1</u>

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.

Management Response (Choose One):

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

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

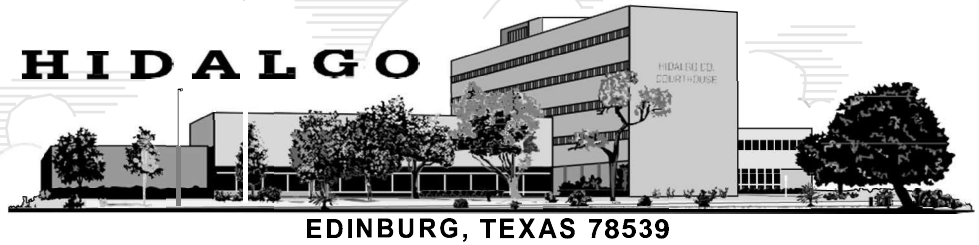
Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____

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



September 15, 2022

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 April 2022-June 2022

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 2022 through June 2022 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 2,218 transactions during the months of April 2022 through June 2022 contained errors in the allocation of fines, fees, and court costs.
2. Collections for 49 of 63 days for April 2022 through June 2022 were deposited at the bank 2 to 7 days after collections were receipted.
3. 3 of 125 online credit card transactions for the month of April 2022 and 1 of 96 online credit card transactions for the month of May 2022 were receipted 44 to 74 days after the date of transaction.
4. Procedures for the Scofflaw Program have not been properly implemented.

Repeat Observations:

1. 1 cash bond posted on October 4, 2016 by a defendant who failed to appear before the Justice of the Peace has not been forfeited (liquidated).
2. Copies of the January 2015 through June 2022 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. 10 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), June 2021 (1), September 2021 (1), October 2021 (1), April 2022 (1), and May 2022 (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 cases.

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, 370TH D.C.
OVERSEER

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JUDGE, 389TH D.C.

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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 2022 through June 2022. 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 2022 through June 2022 totaled \$212,462.68, \$252,932.19, and \$172,453.28, 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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Current Observation No. 1:

We noted that 53 of 2,218 transactions during the months of April 2022 through June 2022 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. According to the Court Coordinator, the adjustments have not been completed due to heavy workload; however, they will work on the adjustments as time allows.

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.

Current Observation No. 2:

We noted that collections for 49 of 63 days for April 2022 through June 2022 were deposited at the bank 2 to 7 days after collections were received. According to the Court Coordinator, collections were not deposited timely due to having limited staff and a heavy workload.

Pursuant to Local Government Code §113.022 (a), 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 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.

Current Observation No. 3:

We noted that 3 of 125 online credit card transactions for the month of April 2022 and 1 of 96 online credit card transactions for the month of May 2022 were receipted 44 to 74 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 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.

HIDALGO COUNTY DISTRICT JUDGES

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.

Current Observation No. 4:

We randomly selected 10 of 38 *Scofflaw Release Forms* for the month of April 2022. We noted that procedures for the Scofflaw Program have not been properly implemented and the forms were not filled out completely as follows:

1. For 1 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, the *Scofflaw Release Form* was not signed and sealed (approved) by the authorized representative of the court after the issuance of an official County receipt.
3. For 1 of 10 forms, the approved *Scofflaw Release Form* was not scanned and entered in *Odyssey*.
4. For 6 of 10 forms, the *Scofflaw Release Form* did not have a copy of the official County receipt attached as proof of payment.

According to the Court Coordinator, the forms and 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*. The *Scofflaw Release Form* should be completely filled out. 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 *Scofflaw Release Form* must be signed and sealed (approved) by the authorized representative of the court after the issuance of an official County receipt.
- c. The approved *Scofflaw Release Form* must be scanned and attached to *Odyssey*.
- d. A copy of the official County receipt must be attached to the *Scofflaw Release Form* as proof of the payment. An approved *Scofflaw Release Form* without a copy of the official County receipt is not valid.

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 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. To date, the bond has not been forfeited. According to the Court Coordinator, the bond has not been forfeited due to programming errors in *Odyssey*. Assistance from the Information Technology Department has been requested; however, the problem has not been resolved.

HIDALGO COUNTY DISTRICT JUDGES

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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 June 2022 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 10 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), June 2021 (1), September 2021 (1), October 2021 (1), April 2022 (1), and May 2022 (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 cases. According to the Court Coordinator, the cases had not been closed due to time constraints and heavy workload. He also mentioned he would reach out to the Information Technology Department to revisit the process on how to properly close the cases.

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.

HIDALGO COUNTY DISTRICT JUDGES

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JUDGE, 464th D.C.

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.

Please provide a written management response to the observations noted above on the attached Management Response Forms by September 30, 2022. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Osvaldo Escamilla, Internal Auditor II, at 318-2511 ext. 4647, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, First Assistant Auditor, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
Interim County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Vidal Ramon, Budget Officer, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Mr. Juan Jasso, Court Coordinator, Justice of the Peace Pct. 2, Pl.2
Mr. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department

HIDALGO COUNTY DISTRICT JUDGES

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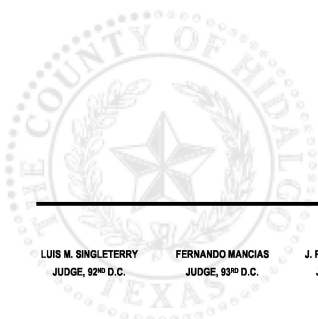
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**HIDALGO COUNTY AUDITOR'S OFFICE
INTERNAL AUDIT DIVISION
MANAGEMENT RESPONSE FORM**

AUDITEE:	<u>JP Jaime Munoz Precinct 2, Place 2</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

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.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Jaime Munoz Precinct 2, Place 2</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>2</u>	RECOMMENDATION:	<u>2</u>

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.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Jaime Munoz Precinct 2, Place 2</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>3</u>	RECOMMENDATION:	<u>3</u>

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

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Jaime Munoz Precinct 2, Place 2</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>4</u>	RECOMMENDATION:	<u>4</u>

Management should ensure that the Scofflaw Release Form is properly completed and that the procedures for the Scofflaw program are properly followed.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Jaime Munoz Precinct 2, Place 2</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR Repeat Observation</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022 Repeat Recommendation</u>
FINDING No.:	<u>No. 1</u>	RECOMMENDATION:	<u>No. 1</u>

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.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Jaime Munoz Precinct 2, Place 2</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR Repeat Observation</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022 Repeat Recommendation</u>
FINDING No.:	<u>No. 2</u>	RECOMMENDATION:	<u>No. 2</u>

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.

Management Response (Choose One):

 AGREE TO TAKE REMEDIAL ACTION (Action Plan attached)

 AGREE TO ACCEPT RISK OF NOT TAKING REMEDIAL ACTION

 DISAGREE THAT RISK EXISTS (Specify below)

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Jaime Munoz Precinct 2, Place 2</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR Repeat Observation</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022 Repeat Recommendation</u>
FINDING No.:	<u>No. 3</u>	RECOMMENDATION:	<u>No. 3</u>

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.

Management Response (Choose One):

 AGREE TO TAKE REMEDIAL ACTION (Action Plan attached)

 AGREE TO ACCEPT RISK OF NOT TAKING REMEDIAL ACTION

 DISAGREE THAT RISK EXISTS (Specify below)

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____

COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

September 15, 2022

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 April 2022-June 2022

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 2022 through June 2022 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. 290 of 3,486 transactions during the months of April 2022 through June 2022 contained errors in the allocation of fines, fees, and court costs.
2. 59 of 415 online credit card transactions for the month of April 2022, 52 of 388 online credit card transactions for the month of May 2022, and 3 of 299 online credit card transactions for the month of June 2022 were receipted 2 to 6 days after the date of transaction.
3. The May 2022 and June 2022 *MFFRs* were submitted to the County Auditor's Office 15 days and 11 days, respectively, after the fifth day following the end of the month.
4. One online credit card transaction received during the month of May 2022 was receipted for the incorrect amount.
5. Procedures for the Scofflaw Program have not been properly implemented.

Repeat Observation:

1. Copies of the January 2015 through June 2022 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 2022 through June 2022. The review was not designed nor intended to be a detailed study of every relevant control system,

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JUDGE, 139TH D.C.

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JUDGE, 449TH D.C.

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

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 2022 through June 2022 totaled \$183,834.12, \$211,644.66, and \$162,974.54, 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 290 of 3,486 transactions during the months of April 2022 through June 2022 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, adjustments have not been worked on due to a heavy workload.

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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.

Current Observation No. 2:

We noted 59 of 415 online credit card transactions for the month of April 2022, 52 of 388 online credit card transactions for the month of May 2022, and 3 of 299 online credit card transactions for the month of June 2022 were receipted 2 to 6 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 an oversight and 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.

Current Observation No. 3:

We noted that the May 2022 and June 2022 *MFFRs* were submitted to the County Auditor's Office 15 days and 11 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 *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.

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JUDGE, 464TH D.C.

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. 4:

One online credit card transaction received during the month of May 2022 was receipted for the incorrect amount. The transaction was receipted for \$148.90 instead of \$168.90 (TR22-0046-J31). The \$20.00 was subsequently receipted in August 2022. The Hamer Enterprise Online Credit Card Payment Report was not used to reconcile the credit card transactions on the Close-Out Reports. Therefore, the error was not identified. According to the Court Coordinator, the credit card transaction was receipted for the incorrect amount due to an oversight.

The County Auditor's Office requires that all cash (i.e., cash, checks, credit card payments, etc.) received be receipted for the amount received. Collections on hand must also be reconciled to receipts issued daily by utilizing the Close-Out Report. As part of the daily reconciliation procedures, the amount receipted as credit card transactions in Odyssey should be reconciled to the Hamer Enterprises' Online Credit Card Payment Report. Any reconciliation variances should be noted on the Comments Section, with a detailed explanation.

Failure to properly receipt credit card transactions increases the risk of loss or misuse of County funds. In addition, failure to use the Hamer Enterprise Online Credit Card Payment Report to reconcile the credit card transactions on the Close-Out Report may result in the improper accounting of County funds.

Recommendation:

Management should ensure that all credit card transactions are receipted for the amount received. In addition, management should ensure that the Hamer Enterprises' Online Payment Report is utilized when reconciling the credit card transactions on the Close-Out Report.

Current Observation No. 5:

We randomly selected 15 of 103 *Scofflaw Release Forms* for the month of April 2022. We noted that procedures for the Scofflaw Program have not been properly implemented and the forms were not filled out completely as follows:

1. For 2 of 15 forms, the outstanding balance noted on the *Scofflaw Release Form* did not agree to the amount receipted in *Odyssey*.
2. For 1 of 15 forms, the *Scofflaw Release Form* was signed by the Judge approving the change in outstanding balance; however, the reduced balance was not noted on the form.
3. For 1 of 15 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.
4. For 1 of 15 forms, the Payment Type was not selected on the *Scofflaw Release Form*.
5. For 1 of 15 forms, the *Scofflaw Release Form* was not signed and sealed (approved) by the authorized representative of the court after the issuance of an official County receipt.
6. For 2 of 15 forms, the approved *Scofflaw Release Form* was not scanned and attached to *Odyssey*.
7. For 10 of 15 forms, the *Scofflaw Release Form* did not have a copy of the official County receipt attached as proof of payment.
8. For 1 of 15 forms, a bond for the outstanding balance was not posted by a defendant requesting a pre-trial hearing.
9. For 1 of 15 forms, a copy of the evidence that the community service was completed was not attached to the *Scofflaw Release Form*.

According to the Court Coordinator, the forms and 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*. The *Scofflaw Release Form* should be completely filled out. Individuals who are flagged "Scofflaw" are not able to register or renew their motor vehicle registration until a signed

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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. *Scofflaw Release Forms* should have the Payment Type, Scofflaw Collected, and Case Disposition/Status Type selected.
- d. The *Scofflaw Release Form* must be signed and sealed (approved) by the authorized representative of the court after the issuance of an official County receipt.
- e. The approved *Scofflaw Release Form* must be scanned and attached to *Odyssey*.
- f. A copy of the official County receipt must be attached to the *Scofflaw Release Form* as proof of the payment. An approved *Scofflaw Release Form* without a copy of the official County receipt is not valid.
- g. A bond for the outstanding balance should be posted by a defendant requesting a pre-trial hearing.
- h. If community service is granted, a copy of the evidence that the community service was completed 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 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 June 2022 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 a written management response to the observations noted above on the attached Management Response Forms by September 30, 2022. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

HIDALGO COUNTY DISTRICT JUDGES

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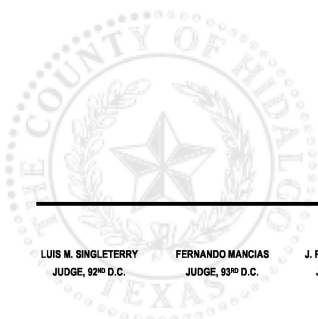
If you have any questions or would like to schedule a meeting to discuss the above noted observations, please contact Osvaldo Escamilla, Internal Auditor II, at 318-2511 ext. 4647, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
Interim County Auditor

cc: Mr. Valde Guerra, County Executive Officer
Mr. Vidal Ramon, Budget Officer, Department of Budget and Management
Ms. Monica Salinas, Commissioners Court Administrator
Ms. Debra Gonzalez, Court Coordinator, Justice of the Peace Pct. 3, Pl. 1
Mr. Daniel Salinas, Director, Information Technology Department
Ms. Clarissa Longoria, CIJS Manager, Information Technology Department
Ms. Yvonne Ybarra, CIJS Support Specialist, Information Technology Department



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

AUDITEE:	<u>JP Dr. Sonia Trevino Precinct 3, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

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.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Dr. Sonia Trevino Precinct 3, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>2</u>	RECOMMENDATION:	<u>2</u>

Management should verify that all credit card transactions are promptly receipted and case dispositions are entered in a timely manner.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Dr. Sonia Trevino Precinct 3, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>3</u>	RECOMMENDATION:	<u>3</u>

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

Management Response (Choose One):

 AGREE TO TAKE REMEDIAL ACTION (Action Plan attached)

 AGREE TO ACCEPT RISK OF NOT TAKING REMEDIAL ACTION

 DISAGREE THAT RISK EXISTS (Specify below)

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Dr. Sonia Trevino Precinct 3, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>4</u>	RECOMMENDATION:	<u>4</u>

Management should ensure that all credit card transactions are receipted for the amount received. In addition, management should ensure that the Hamer Enterprises' Online Payment Report is utilized when reconciling the credit card transactions on the Close-Out Report.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Dr. Sonia Trevino Precinct 3, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022</u>
FINDING No.:	<u>5</u>	RECOMMENDATION:	<u>5</u>

Management should ensure that the Scofflaw Release Form is properly completed and that the procedures for the Scofflaw program are properly followed.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____



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

AUDITEE:	<u>JP Dr. Sonia Trevino Precinct 3, Place 1</u>	AUDIT NO.:	<u>MFFR for Apr-Jun 2022</u>
AUDIT:	<u>MFFR Repeat Observation</u>	MANAGEMENT RESPONSE DUE:	<u>September 30, 2022 Repeat Recommendation</u>
FINDING No.:	<u>No.1</u>	RECOMMENDATION:	<u>No.1</u>

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.

Management Response (Choose One):

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

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

Implementation Date:

Person Responsible for Implementing Plan:

Signature: _____ **Date:** _____
