

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 6, 2024

The Honorable Richard F. Cortez, Hidalgo County Judge
 The Honorable David L. Fuentes, Commissioner Precinct No. 1
 The Honorable Eduardo Cantu, Commissioner Precinct No. 2
 The Honorable Everardo Villarreal, Commissioner Precinct No. 3
 The Honorable Ellie Torres, Commissioner Precinct No. 4

Dear Judge and Commissioners:

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

Department	Description
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	August 2023 DTA Payment Request Report No. 2023-57
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	September 2023 DTA Payment Request Report No. 2023-63
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	October 2023 DTA Payment Request Report No. 2023-64
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	November 2023 DTA Payment Request Report No. 2023-65
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	December 2023 DTA Payment Request Report No. 2023-68
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	January 2024 DTA Payment Request Report No. 2024-29
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	February 2024 DTA Payment Request Report No. 2024-30
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	March 2024 DTA Payment Request Report No. 2024-48
The Hon. Toribio Palacios, Criminal District Attorney	2022 Equitable Sharing Agreement and Certification Audit No. 2023-11
The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	2022 Equitable Sharing Agreement and Certification Audit No. 2023-12
The Hon. Celestino Avila Jr., Constable Precinct No. 1	2022 Equitable Sharing Agreement and Certification Audit No. 2023-13
The Hon. Martin Cantu, Constable Precinct No. 2	2022 Equitable Sharing Agreement and Certification Audit No. 2023-14
The Hon. Lazaro Gallardo, Constable Precinct No. 3	2022 Equitable Sharing Agreement and Certification Audit No. 2023-15
The Hon. Atanacio Gaitan Jr., Constable Precinct No. 4	2022 Equitable Sharing Agreement and Certification Audit No. 2023-16
The Hon. Toribio Palacios, Criminal District Attorney	2023 Equitable Sharing Agreement and Certification Audit No. 2024-11

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C.
 FERNANDO MANCIAS JUDGE, 93RD D.C.
 J. R. "BOBBY" FLORES JUDGE, 139TH D.C.
 ROSE GUERRA REYNA JUDGE, 206TH D.C.
 MARLA CUELLAR JUDGE, 275TH D.C.
 MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C.
 NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER
 LETICIA LOPEZ JUDGE, 389TH D.C.
 L. KENO VASQUEZ JUDGE, 398TH D.C.
 ISRAEL RAMON, JR. JUDGE, 430TH D.C.
 RENEE R. BETANCOURT JUDGE, 449TH D.C.
 JOSE "JOE" RAMIREZ JUDGE, 464TH D.C.
 YSMAEL FONSECA JUDGE, 476TH D.C.

The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	2023 Equitable Sharing Agreement and Certification Audit No. 2024-12
The Hon. Celestino Avila Jr., Constable Precinct No. 1	2023 Equitable Sharing Agreement and Certification Audit No. 2024-13
The Hon. Martin Cantu, Constable Precinct No. 2	2023 Equitable Sharing Agreement and Certification Audit No. 2024-14
The Hon. Lazaro Gallardo, Constable Precinct No. 3	2023 Equitable Sharing Agreement and Certification Audit No. 2024-15
The Hon. Atanacio Gaitan Jr., Constable Precinct No. 4	2023 Equitable Sharing Agreement and Certification Audit No. 2024-16
The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	Jail Commissary Audit No. 2023-01
The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	Chapter 59 Asset Forfeiture Report YE 12-31-22 Audit No. 2023-03
The Hon. Toribio Palacios, Criminal District Attorney	Chapter 59 Asset Forfeiture Report YE 12-31-22 Audit No. 2023-04
The Hon. Celestino Avila Jr., Constable Precinct No. 1	Chapter 59 Asset Forfeiture Report YE 12-31-22 Audit No. 2023-05
The Hon. Martin Cantu, Constable Precinct No. 2	Chapter 59 Asset Forfeiture Report YE 12-31-22 Audit No. 2023-06
The Hon. Lazaro Gallardo, Constable Precinct No. 3	Chapter 59 Asset Forfeiture Report YE 12-31-22 Audit No. 2023-07
The Hon. Atanacio Gaitan Jr., Constable Precinct No. 4	Chapter 59 Asset Forfeiture Report YE 12-31-22 Audit No. 2023-08
The Hon. Atanacio Gaitan Jr., Constable Precinct No. 4	Cash Count Report No. 2023-58
The Hon. Lita Leo, Hidalgo County Treasurer	Cash Count Report No. 2023-59, 2023-60, and 2023-67
The Hon. Celestino Avila Jr., Constable Precinct No. 1	Cash Count Report No. 2023-61
Mr. Anthony Uresti, Director Planning Department	Cash Count Report No. 2023-62
The Hon. Everardo Villarreal, Commissioner Precinct No. 3	Cash Count Report No. 2023-69
The Hon. Lazaro Gallardo, Constable Precinct No. 3	Cash Count Report No. 2023-71
Mr. Anthony Uresti, Director Planning Department	Cash Count Report No. 2023-73
Ms. Erika Reyna, Director of Human Resources	Cash Count Report No. 2023-74
The Hon. David L. Fuentes, Commissioner Precinct No. 1	Cash Count Report No. 2023-75
The Hon. Daniel Marichalar, Constable Precinct No. 5	Cash Count Report No. 2023-76
The Hon. Toribio Palacios, Criminal District Attorney	Hot Checks Cash Count Report No. 2023-77
The Hon. Toribio Palacios, Criminal District Attorney	Asset Forfeiture Cash Count Report No. 2023-78
The Hon. Martin Cantu, Constable Precinct No. 2	Cash Count Report No. 2023-79
Ms. Angie Chapa, Law Librarian	Cash Count Audit No. 2023-81
The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	Cash Count Audit No. 2023-82
The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	Cash Count Audit No. 2023-83
The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	Cash Count Audit No. 2023-84
The Hon. Ellie Torres, Commissioner Precinct No. 4	Cash Count Report No. 2023-85
The Hon. Everardo Villarreal, Commissioner Precinct No. 3	Cash Count Report No. 2023-89
The Hon. J.E. "Eddie" Guerra, Hidalgo County Sheriff	Cash Count Report No. 2023-90
Mr. Homero Garza, Fire Marshal	Cash Count Audit No. 2023-91
Mr. Eduardo Olivarez, Director Hidalgo County Department of Health and Human Services	Cash Count Audit No. 2023-92
Mr. Eduardo Olivarez, Director Hidalgo County Department of Health and Human Services	Cash Count Audit No. 2023-93
The Hon. Toribio Palacios, Criminal District Attorney	H.B. 65 Financial Statements for January 2022 through September 2023
The Hon. Toribio Palacios, Criminal District Attorney	HIDTA Financial Statements for January 2022 through September 2023
The Hon. Toribio Palacios, Criminal District Attorney	Hot Checks Financial Statements for January 2022 through September 2023

HIDALGO COUNTY DISTRICT JUDGES

The Hon. J.E. “Eddie” Guerra, Hidalgo County Sheriff	“B” Account Financial Statements for September 2021 through February 2023
The Hon. J.E. “Eddie” Guerra, Hidalgo County Sheriff	Fee Account MFR for November 2021 through July 2023
The Hon. J.E. “Eddie” Guerra, Hidalgo County Sheriff	Inmate Trust Financial Statements for January 2021 through December 2022
The Hon. J.E. “Eddie” Guerra, Hidalgo County Sheriff	“D” MFFR for October 2021 through February 2023
The Hon. J.E. “Eddie” Guerra, Hidalgo County Sheriff	Regular Trust Fund Financial Statements for April 2021 through August 2023
Jeff Underwood, City Manager City of Alton	City of Alton TIRZ No. 1 Report No. 2023-41
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Alton TIRZ No. 1 Report No. 2023-41
Rolando Garza, Chief Appraiser Hidalgo County Appraisal District	Alton TIRZ No. 1 (THCAN) Report No. 2023-41
Robert L. Salinas, City Manager City of Alamo	City of Alamo TIRZ No. 1 – Report No. 2023-36
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	City of Alamo TIRZ No. 1 - Report No. 2023-36
Rolando Garza, Chief Appraiser Hidalgo County Appraisal District	City of Alamo TIRZ No. 1 (THCAO) Report No. 2023-36
Myra Ayala, City Manager City of Edinburg	City of Edinburg TIRZ No. 3 La Sienna - Report No. 2024-38
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	City of Edinburg TIRZ No. 3 La Sienna - Report No. 2024-38
Rolando Garza, Chief Appraiser Hidalgo County Appraisal District	United Parcel Service, Inc. 2024 Tax Abatement Report No. 2024-21
Rolando Garza, Chief Appraiser Hidalgo County Appraisal District	Hidalgo Wind Farm, LLC- Phase I and Phase II 2024 Tax Abatement Report No. 2024-18 and 2024-19
The Hon. Celestino Avila Jr., Constable Precinct No. 1	Monthly Fees Report for March 2023 through December 2023
The Hon. Martin Cantu, Constable Precinct No. 2	MFR for March 2023 through December 2023
The Hon. Lazaro Gallardo, Constable Precinct No. 3	MFR for March 2022 through December 2023
The Hon. Atanacio Gaitan Jr., Constable Precinct No. 4	MFR for March 2023 through December 2023
The Hon. Daniel Marichalar, Constable Precinct No. 5	MFR for February 2022 through December 2023
Mr. Homero Garza, Fire Marshal	Monthly Fees Report for May 2023 through December 2023
Mr. Eduardo Olivarez, Director Hidalgo County Department of Health and Human Services	Environmental Health Division MFR for February 2022 through July 2023
The Hon. Everardo Villarreal, Commissioner Precinct No. 3	Sanitation Program MFR for January 2022 through December 2022
The Hon. Ellie Torres, Commissioner Precinct No. 4	Sanitation Program MFR for October 2021 through December 2023
Ms. Angie Chapa, Law Librarian	Monthly Fees Report for October 2022 through December 2023
Mr. Anthony Uresti, Director Planning Department	Monthly Fees Report for January 2022 through July 2023
The Hon. Toribio Palacios, Criminal District Attorney	Hot Checks Processing Fees Report for January 2022 through September 2023
The Hon. Arturo Guajardo, Jr., Hidalgo County Clerk	Texas Parks and Wildlife Financial Statements for March through December 2022
The Hon. Lita Leo, Hidalgo County Treasurer	Jury Script Financial Statements for January through December 2022
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Edinburg Tax Office Cash Count Report No. 2022-576
The Hon. Pablo Villarreal, Jr., RTA Hidalgo County Tax Assessor/Collector	Alamo Motor Vehicle Cash Count Report No. 2023-589

HIDALGO COUNTY DISTRICT JUDGES

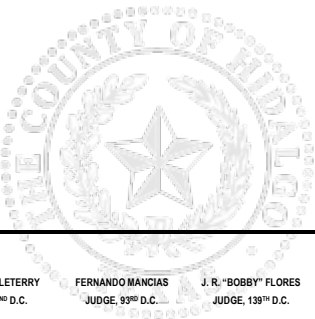
Commissioners Court
August 6, 2024
Page 2 of 3

Respectfully,



Letty Chavez
County Auditor

Attachments



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 388 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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October 11, 2023

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

Re: August 2023 DTA Payment Request Report No. 2023-57

Dear Mr. Villarreal:

We completed a limited scope review of the August 2023 payment request prepared by your office for delinquent tax attorney (DTA) fees due to Linebarger, Goggan, Blair, and Sampson LLP ("LGBS") and related supporting documentation. The objective of the review was to determine if the payment request was accurate and properly authorized.

The results of the review revealed that the payment request was generally accurate and properly authorized. We will proceed to process the August 2023 DTA payment request in the amount of \$250,701.82 to LGBS.

The scope of the review was limited to a review of the DTA fees collected by your office on behalf of the following entities: Hidalgo County (GHD), Road District 2 (RD2), Road District 5 (RD5), Road District 7 (RD7), Road District 12 (RD12), Road District 14 (RD14), Road District 15 (RD15), State of Texas (TEX); and the payment request prepared by your office for the month ended August 31, 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. The responsibility for sound internal controls rests with management.

In conducting the review, the following procedures were performed:

- Verified that the payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of August 2023."
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the DTA fees were collected at the 15% rate specified in the contract.
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the total amount of DTA fees collected agreed to the amount transferred to the Hidalgo County Treasurer's Office.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

Based on the review, the following was noted:

- The payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of August 2023."
- Although DTA fees for 160 tax accounts were not collected at the 15% rate specified in the contract; we concluded that the differences in rates were attributed to tax deferrals (157 tax accounts), and small amounts collected (3 tax accounts) (see Exhibit A).
- The total amount of DTA fees collected on the "Hidalgo County Tax Office Collection Reports" for the month of August 2023 agreed to the amount transferred to the Hidalgo County Treasurer's Office.

If you have any questions, please contact Francisco Saenz, Internal Auditor II, at 318-2511 ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

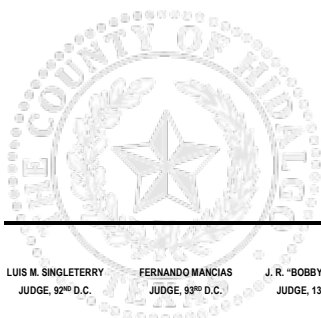
Respectfully,



Linda Fong, CPFO
Interim County Auditor

Enclosure: Exhibit A

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



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 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. YSMAEL FONSECA JUDGE, 476TH D.C.

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
1	1	2021	R094101000001600	40.99	9.84	50.83	7.32
2	1	2020	C153500000003100	418.12	135.89	554.01	78.40
3	1	2020	M054700000004700	111.11	34.82	145.93	20.50
4	1	2020	M418098000003600	56.28	16.97	73.25	10.21
5	1	2020	M550000095001204	47.11	16.69	63.80	9.19
6	1	2020	L075500000001500	20.43	6.40	26.83	3.77
7	1	2020	P420002003000900	1.91	0.57	2.48	0.35
8	1	2019	T474501000000300	164.37	62.60	226.97	31.07
9	1	2019	A703001000002300	104.98	36.31	141.29	18.90
10	1	2019	C153500000003100	55.73	24.80	80.53	11.45
11	1	2019	C153500000003100	44.06	19.60	63.66	9.05
12	1	2019	T745097000006105	31.50	14.39	45.89	6.57
13	1	2019	S295000000033750	18.06	7.83	25.89	3.66
14	1	2019	C035000000001801	-28.88	-12.56	-41.44	-5.89
15	1	2018	P537000000001700	312.06	123.52	435.58	56.17
16	1	2018	T474501000000300	164.37	82.32	246.69	34.02
17	1	2018	P537000000001700	143.96	56.98	200.94	25.91
18	1	2018	L447000000000900	51.77	22.60	74.37	9.86
19	1	2018	T601001000000200	29.89	14.80	44.69	6.14
20	1	2018	R106000000004700	25.35	13.28	38.63	5.40
21	1	2018	B403502000023600	-25.05	-13.76	-38.81	-5.53
22	1	2017	E810500000002600	222.90	96.77	319.67	39.45
23	1	2017	T474501000000300	164.37	102.05	266.42	36.98
24	1	2016	L055000000000700	205.16	110.10	315.26	39.08
25	1	2016	T474501000000300	156.04	115.59	271.63	37.92
26	1	2016	R350000000000042	19.19	14.56	33.75	4.75
27	1	2015	M685000000000600	131.29	78.78	210.07	24.62
28	1	2015	M685000000000600	82.80	49.68	132.48	15.53
29	1	2015	M490000000000600	41.21	35.48	76.69	10.76
30	1	2014	P310800000002300	31.79	24.15	55.94	7.06
31	1	2014	S265001000004100	14.63	13.16	27.79	3.78
32	1	2014	L020000000000900	10.68	11.10	21.78	3.14
33	1	2014	N340098000204504	8.21	5.67	13.88	1.58
34	1	2013	S095000002000400	66.16	62.80	128.96	17.07
35	1	2013	J390001000000800	30.04	24.34	54.38	6.31
36	1	2013	S160000000004815	22.71	19.46	42.17	5.25
37	1	2013	N861301000009900	17.60	13.14	30.74	3.19
38	1	2013	M355000173000300	18.17	11.75	29.92	3.03
39	1	2013	S160000000003989	-30.34	-24.50	-54.84	-6.74
40	1	2012	T625001000001000	96.72	95.36	192.08	24.67
41	1	2012	T625001000001000	62.76	62.13	124.89	16.00
42	1	2011	S100000043001400	139.54	125.13	264.67	24.70
43	1	2011	H305000000000400	90.45	91.35	181.80	20.62
44	1	2011	T210000236000211	75.72	82.28	158.00	19.87
45	1	2011	B158003004001400	48.34	43.34	91.68	8.56
46	1	2011	C005000000002302	21.83	24.31	46.14	6.00
47	1	2011	J570098005000205	12.75	15.98	28.73	3.96
48	1	2011	J570098005000205	12.74	15.98	28.72	3.96
49	1	2011	E720000004000100	18.20	16.70	34.90	3.39
50	1	2010	S100000043001400	140.72	143.07	283.79	27.44
51	1	2010	T210000236000211	91.38	110.26	201.64	25.63
52	1	2010	B158003004001400	82.68	84.06	166.74	16.12
53	1	2010	S118000000000500	39.72	39.73	79.45	7.45

54	1	2010	E72000004000100	32.91	34.11	67.02	6.71
55	1	2010	F675008000003000	35.23	32.17	67.40	5.76
56	1	2010	M059002000001100	27.26	28.34	55.60	5.60
57	1	2010	H51000001000100	25.85	25.24	51.09	4.58
58	1	2010	C904595000004900	14.92	14.87	29.79	2.77
59	1	2010	N580000004001500	12.54	12.50	25.04	2.34
60	1	2010	C005000000002302	5.20	6.41	11.61	1.52
61	1	2010	M355000152101910	4.20	4.46	8.66	0.91
62	1	2009	S100000043001400	141.90	161.29	303.19	30.23
63	1	2009	F675008000003000	106.22	115.08	221.30	20.08
64	1	2009	S531000002001000	40.60	50.21	90.81	10.48
65	1	2009	B190016000000200	28.99	32.19	61.18	5.83
66	1	2009	N325000000001400	19.26	23.68	42.94	4.91
67	1	2009	E436302000002200	14.85	16.34	31.19	2.92
68	1	2009	L672500000014000	1.45	1.75	3.20	0.36
69	1	2008	S100000043001400	144.25	181.28	325.53	33.32
70	1	2008	F675008000003000	109.67	131.96	241.63	22.70
71	1	2008	T094003000007300	92.08	108.67	200.75	18.10
72	1	2008	B158003004001400	61.86	77.74	139.60	14.29
73	1	2008	M015000062000401	16.28	22.36	38.64	4.62
74	1	2008	H365003000001100	17.49	20.58	38.07	3.41
75	1	2008	L672500000014000	11.87	15.78	27.65	3.13
76	1	2008	H350000005000100	16.68	19.29	35.97	3.10
77	1	2007	F675008000003000	111.53	147.60	259.13	25.10
78	1	2007	M167000000005600	67.79	89.94	157.73	15.36
79	1	2007	S356700000009600	58.39	71.43	129.82	12.26
80	1	2007	A174500000001900	38.97	57.43	96.40	11.40
81	1	2007	S356700000009600	47.75	59.38	107.13	10.17
82	1	2007	H47000000L000108	36.43	47.84	84.27	8.03
83	1	2007	S245000000001200	26.34	35.64	61.98	6.28
84	1	2007	M167000000005600	27.13	35.97	63.10	6.14
85	1	2007	G99500000A000400	16.96	20.94	37.90	3.13
86	1	2007	S245000000001200	8.79	11.88	20.67	2.09
87	1	2007	L108502000002700	8.38	11.22	19.60	1.94
88	1	2007	M475000002001600	7.13	9.28	16.41	1.53
89	1	2007	H365003000001100	5.24	6.79	12.03	1.12
90	1	2007	L007001000007300	0.40	0.58	0.98	0.11
91	1	2006	L007001000007300	164.59	255.66	420.25	48.14
92	1	2006	F675008000003000	96.06	138.65	234.71	23.34
93	1	2006	S575001002000600	24.18	31.75	55.93	4.46
94	1	2006	C730000021000800	9.84	19.14	28.98	4.17
95	1	2006	L685000000001200	7.93	11.79	19.72	2.08
96	1	2005	L007001000007300	172.04	287.87	459.91	53.42
97	1	2005	S356700000009600	150.96	236.00	386.96	39.40
98	1	2005	F675008000003000	99.39	155.38	254.77	25.94
99	1	2005	R382500008000500	6.19	9.26	15.45	1.43
100	1	2005	S477000000006600	2.77	4.60	7.37	0.85
101	1	2005	R225001003001900	2.30	4.11	6.41	0.83
102	1	2005	S215000003001200	0.14	0.19	0.33	0.03
103	1	2004	F675008000003000	101.60	171.03	272.63	28.35
104	1	2004	C005000000004905	44.61	79.41	124.02	14.39
105	1	2004	C765000001000400	27.10	55.77	82.87	11.58
106	1	2004	S477000000006600	11.82	21.08	32.90	3.83
107	1	2004	S725002008000200	8.67	14.70	23.37	2.47
108	1	2004	W010000044001052	6.76	9.97	16.73	1.25
109	1	2003	W010000016000325	93.59	153.19	246.78	20.78
110	1	2003	F675008000003000	59.19	106.74	165.93	17.58

111	1	2003	K63000000A000900	71.50	119.68	191.18	17.06
112	1	2003	L313001000001700	76.28	117.23	193.51	13.50
113	1	2003	W010000049001055	39.57	70.17	109.74	11.22
114	1	2003	G570000001002800	14.20	28.03	42.23	5.30
115	1	2003	C690000001000700	6.21	10.40	16.61	1.48
116	1	2003	T476000000004000	5.63	9.63	15.26	1.44
117	1	2002	K63000000A000900	88.67	159.02	247.69	22.74
118	1	2002	T476000000004000	64.96	119.10	184.06	17.83
119	1	2001	K63000000A000900	72.93	139.53	212.46	20.02
120	1	2001	M625500000000600	45.04	83.16	128.20	11.01
121	1	2001	M625500000000600	29.94	55.30	85.24	7.32
122	1	2000	P200000019001800	79.43	175.55	254.98	29.55
123	1	2000	S477000000040600	25.56	57.93	83.49	10.16
124	1	2000	S170003007001200	35.54	68.00	103.54	8.48
125	1	2000	L025000010000000	10.66	27.55	38.21	5.45
126	1	2000	A130000001003700	14.65	29.26	43.91	4.04
127	1	2000	M625500000000600	12.50	24.59	37.09	3.28
128	1	1999	M550000097001304	61.23	126.95	188.18	16.81
129	1	1999	F720000102000700	18.95	44.56	63.51	7.58
130	1	1999	R385000003000700	5.93	13.49	19.42	2.17
131	1	1999	M625500000000600	1.16	2.42	3.58	0.33
132	1	1998	M550000097001304	102.76	225.39	328.15	30.06
133	1	1998	E540000002002100	26.85	58.91	85.76	7.86
134	1	1997	M550000097001304	101.24	234.20	335.44	31.44
135	1	1996	M550000097001304	95.25	231.78	327.03	31.29
136	1	1996	W74000011B000900	5.73	14.65	20.38	2.19
137	1	1996	F225001004000400	4.12	10.34	14.46	1.50
138	1	1996	A080098000111600	2.63	7.85	10.48	1.48
139	1	1995	M550000097001304	82.14	209.72	291.86	28.46
140	1	1995	V380002003001400	21.21	55.87	77.08	8.11
141	1	1995	V380002003001400	15.90	41.90	57.80	6.09
142	1	1995	V380002003001400	5.30	13.97	19.27	2.03
143	1	1994	M550000097001304	76.25	203.84	280.09	27.79
144	1	1994	A080000000114909	10.77	31.86	42.63	5.31
145	1	1994	J570000001001034	12.04	31.44	43.48	4.05
146	1	1993	A080000000114909	0.44	1.35	1.79	0.23
147	1	1990	L370002006000400	106.38	369.49	475.87	61.75
148	1	1982	S120000000003100	4.64	21.26	25.90	3.67
149	12	1990	L370002006000400	2.87	9.97	12.84	1.67
150	17	1982	S120000000003100	0.70	3.18	3.88	0.55
151	1	2007	C695001000001300	34.16	51.14	85.30	10.35
152	1	2006	C695001000001300	78.24	126.49	204.73	25.11
153	1	2014	L136500000010300	27.01	22.72	49.73	6.57
154	1	2009	P640000062000500	73.82	80.95	154.77	14.39
155	1	2007	E540000045000300	4.42	6.59	11.01	1.33
156	1	2000	F510000000000704	19.45	44.65	64.10	7.99
157	1	1999	F510000000000704	16.08	38.87	54.95	6.90
158	1	2022	S359102000000800	0.07	0.02	0.09	0.02
159	1	2022	L120000002001200	0.08	0.02	0.10	0.01
160	1	2022	L334000000000800	0.03	0.00	0.03	0.01

COUNTY of HIDALGO



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

October 30, 2023

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

Re: September 2023 DTA Payment Request Report No. 2023-63

Dear Mr. Villarreal:

We completed a limited scope review of the September 2023 payment request prepared by your office for delinquent tax attorney (DTA) fees due to Linebarger, Goggan, Blair, and Sampson LLP ("LGBS") and related supporting documentation. The objective of the review was to determine if the payment request was accurate and properly authorized.

The results of the review revealed that the payment request was generally accurate and properly authorized. We will proceed to process the September 2023 DTA payment request in the amount of \$215,946.70 to LGBS.

The scope of the review was limited to a review of the DTA fees collected by your office on behalf of the following entities: Hidalgo County (GHD), Road District 2 (RD2), Road District 5 (RD5), Road District 7 (RD7), Road District 12 (RD12), Road District 14 (RD14), Road District 15 (RD15), State of Texas (TEX); and the payment request prepared by your office for the month ended September 30, 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. The responsibility for sound internal controls rests with management.

In conducting the review, the following procedures were performed:

- Verified that the payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of September 2023."
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the DTA fees were collected at the 15% rate specified in the contract.
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the total amount of DTA fees collected agreed to the amount transferred to the Hidalgo County Treasurer's Office.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANGIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

Based on the review, the following was noted:

- The payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of September 2023."
- Although DTA fees for 141 tax accounts were not collected at the 15% rate specified in the contract; we concluded that the differences in rates were attributed to tax deferrals (139 tax accounts), and small amounts collected (2 tax accounts) (see Exhibit A).
- The total amount of DTA fees collected on the "Hidalgo County Tax Office Collection Reports" for the month of September 2023 agreed to the amount transferred to the Hidalgo County Treasurer's Office.

If you have any questions, please contact Francisco Saenz, Internal Auditor II, at 318-2511, ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

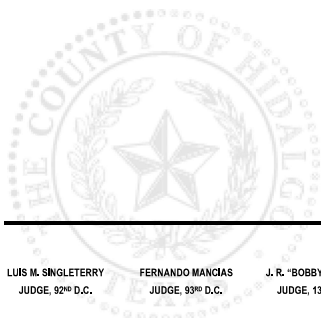
Respectfully,



Linda Fong, CPFO
Interim County Auditor

Enclosure: Exhibit A

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



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANGIAS 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. 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. YSMAEL FONSECA JUDGE, 476TH D.C.

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
1	1	2022	S398201000019800	0.64	0.13	0.77	0.11
2	1	2022	C980000003000445	0.19	0.04	0.23	0.04
3	1	2021	P927708000068500	193.98	46.24	240.22	34.34
4	1	2020	M418098000003600	56.12	17.16	73.28	10.19
5	1	2020	M550000095001204	46.99	16.84	63.83	9.16
6	1	2020	S477000000006700	10.24	3.43	13.67	1.94
7	1	2020	O39700000B000100	4.12	1.21	5.33	0.74
8	1	2019	D680000020001500	93.59	43.13	136.72	19.51
9	1	2019	T745097000006105	32.06	14.78	46.84	6.69
10	1	2019	S295000000032767	16.20	7.18	23.38	3.31
11	1	2018	C295002000006700	25.75	15.41	41.16	5.95
12	1	2018	S295000000032767	13.95	7.86	21.81	3.10
13	1	2018	U050001002010200	14.42	7.62	22.04	3.07
14	1	2018	L447000000000900	13.34	5.88	19.22	2.54
15	1	2018	L447000000000900	13.34	5.88	19.22	2.54
16	1	2017	S606500000000300	111.17	53.92	165.09	21.01
17	1	2017	R350000000000042	7.13	4.59	11.72	1.64
18	1	2016	E140000001000800	190.92	115.51	306.43	39.52
19	1	2016	R350000000000042	14.01	10.69	24.70	3.47
20	1	2015	G62000000A000200	468.03	273.41	741.44	83.54
21	1	2015	A210000059000100	39.02	24.36	63.38	7.67
22	1	2015	C295001000004000	1.58	1.03	2.61	0.32
23	1	2014	B001001000004100	103.25	68.57	171.82	18.43
24	1	2014	A210000059000100	36.62	27.27	63.89	7.86
25	1	2014	S265001000004100	14.61	13.19	27.80	3.77
26	1	2014	L020000000000900	10.65	11.13	21.78	3.14
27	1	2014	S095000002000400	12.85	10.71	23.56	3.08
28	1	2013	C938700000001600	328.06	249.60	577.66	61.02
29	1	2013	B001001000004100	141.00	110.57	251.57	27.71
30	1	2013	S095000002000400	27.67	26.38	54.05	7.14
31	1	2013	N480000004000203	15.54	11.93	27.47	2.94
32	1	2012	B001001000004100	141.50	127.94	269.44	30.35
33	1	2012	A210000059000100	29.85	29.38	59.23	7.48
34	1	2012	B001001000004100	2.55	2.32	4.87	0.55
35	1	2011	L045000024000003	156.60	144.20	300.80	29.13
36	1	2011	B001001000004100	101.37	103.81	205.18	23.57
37	1	2011	H305000000000400	90.28	91.56	181.84	20.58
38	1	2011	E720000004000100	53.09	48.89	101.98	9.87
39	1	2011	C005000000002302	23.63	26.40	50.03	6.48
40	1	2011	R420000006000500	18.89	19.28	38.17	4.36
41	1	2011	E015700000009800	12.54	14.36	26.90	3.53
42	1	2011	B158003004001400	13.81	12.44	26.25	2.45
43	1	2010	W23000000B001500	345.35	349.09	694.44	65.79
44	1	2010	V180000005001000	70.35	82.37	152.72	18.47
45	1	2010	H510000001000100	25.79	25.31	51.10	4.57
46	1	2010	H510000001000100	25.79	25.31	51.10	4.57
47	1	2010	E015700000009800	13.07	16.56	29.63	3.92
48	1	2010	M059002000001100	13.60	14.20	27.80	2.80
49	1	2010	S118000000000500	9.57	9.61	19.18	1.79
50	1	2010	N580000004001500	3.24	3.24	6.48	0.60
51	1	2009	W23000000B001500	318.67	360.36	679.03	66.44
52	1	2009	S356700000009600	103.93	113.02	216.95	19.64
53	1	2009	S531000002001000	66.46	82.44	148.90	17.14

54	1	2009	P92790100007000	12.90	15.84	28.74	3.25
55	1	2009	V28000002000300	11.08	12.63	23.71	2.36
56	1	2008	W010000046000214	28.84	38.67	67.51	7.70
57	1	2008	V28000002000300	24.68	31.12	55.80	5.70
58	1	2008	H365003000001100	22.78	26.89	49.67	4.44
59	1	2008	M355000056000400	8.14	10.05	18.19	1.78
60	1	2007	W23000000B001500	351.14	481.35	832.49	85.85
61	1	2007	W380000271000002	324.45	437.20	761.65	75.92
62	1	2007	N540000041000200	21.90	31.47	53.37	6.01
63	1	2007	L108502000002700	10.05	13.48	23.53	2.32
64	1	2007	S245000000001200	8.76	11.90	20.66	2.09
65	1	2007	M475000002001600	7.13	9.28	16.41	1.53
66	1	2007	L045000024000002	0.35	0.46	0.81	0.08
67	1	2006	W380000271000002	284.12	416.94	701.06	71.60
68	1	2006	H115000004000700	195.36	257.39	452.75	36.04
69	1	2006	S575001002000600	72.67	95.74	168.41	13.41
70	1	2006	W380000238000005	24.94	36.84	61.78	6.40
71	1	2005	W23000000B001500	307.63	495.54	803.17	86.29
72	1	2005	W380000271000002	172.63	274.05	446.68	46.61
73	1	2005	H115000004000700	198.54	285.40	483.94	40.20
74	1	2005	L045000024000002	98.83	157.88	256.71	27.13
75	1	2005	L155000002000100	62.85	87.84	150.69	11.60
76	1	2005	C005000000004905	35.15	58.50	93.65	10.71
77	1	2005	T476000000004000	21.73	32.11	53.84	4.79
78	1	2005	S477000000006600	15.15	25.26	40.41	4.63
79	1	2005	W2300000052000300	8.12	13.72	21.84	2.56
80	1	2004	W23000000B001500	313.01	541.77	854.78	93.43
81	1	2004	T476000000004000	341.99	546.32	888.31	81.56
82	1	2004	H115000004000700	156.33	243.48	399.81	34.47
83	1	2004	W380000271000002	89.48	152.79	242.27	25.77
84	1	2004	L155000002000100	54.04	82.01	136.05	10.94
85	1	2004	C005000000004905	10.31	18.39	28.70	3.33
86	1	2004	B496504000032900	7.67	14.22	21.89	2.71
87	1	2004	B496504000032900	7.67	14.22	21.89	2.71
88	1	2004	S725002008000200	6.93	11.77	18.70	1.97
89	1	2004	W010000044001052	6.75	9.98	16.73	1.25
90	1	2003	W23000000B001500	259.32	479.96	739.28	82.08
91	1	2003	T476000000004000	316.65	543.85	860.50	81.22
92	1	2003	L155000002000100	55.96	91.63	147.59	12.34
93	1	2003	L313001000001700	57.19	88.11	145.30	10.12
94	1	2003	B240001000005300	18.79	30.63	49.42	4.08
95	1	2003	C690000001000700	6.21	10.40	16.61	1.48
96	1	2002	W23000000B001500	214.79	423.31	638.10	71.85
97	1	2002	L155000002000100	58.82	103.37	162.19	14.03
98	1	2001	W380000619000003	46.03	93.16	139.19	14.84
99	1	2001	L155000002000100	50.05	93.97	144.02	12.84
100	1	2001	W23000000B001500	30.15	63.04	93.19	10.63
101	1	2000	W380000619000003	149.15	319.80	468.95	50.79
102	1	2000	L155000002000100	50.68	101.23	151.91	13.91
103	1	2000	L025000010000000	10.64	27.57	38.21	5.45
104	1	2000	A130000001003700	14.64	29.28	43.92	4.04
105	1	2000	E810000007003005	11.89	25.33	37.22	3.98
106	1	2000	R385000003000700	6.67	14.39	21.06	2.31
107	1	1999	W380000619000003	141.31	319.95	461.26	50.66
108	1	1999	L155000002000100	47.38	100.32	147.70	13.86
109	1	1999	E540000002002100	3.38	6.99	10.37	0.92
110	1	1998	L155000002000100	30.72	68.73	99.45	9.54

111	1	1998	E540000002002100	23.65	51.97	75.62	6.92
112	1	1997	W380000619000003	158.63	397.24	555.87	62.58
113	1	1997	L155000002000100	32.64	76.94	109.58	10.72
114	1	1996	W380000619000003	25.44	66.75	92.19	10.49
115	1	1996	L155000002000100	28.40	70.36	98.76	9.84
116	1	1996	A080098000111600	2.63	7.85	10.48	1.48
117	1	1995	V380002003001400	26.50	69.88	96.38	10.13
118	1	1995	V380002003001400	15.89	41.93	57.82	6.08
119	1	1995	S144000000005100	5.78	15.49	21.27	2.32
120	1	1995	S144000000005100	5.79	15.48	21.27	2.32
121	1	1994	A080000000114909	11.21	33.22	44.43	5.53
122	1	1988	M215000001002000	6.73	22.56	29.29	3.04
123	1	2017	C560000000000700	816.98	362.88	1,179.86	145.83
124	1	2015	L136500000010300	7.05	5.12	12.17	1.59
125	1	2014	L136500000010300	26.96	22.79	49.75	6.56
126	1	2014	L136500000010300	20.39	17.23	37.62	4.95
127	1	2009	P640000062000500	74.47	81.99	156.46	14.52
128	1	2007	E540000045000300	4.40	6.60	11.00	1.33
129	1	2007	E540000045000300	4.41	6.60	11.01	1.33
130	1	2005	C845000000000100	287.80	498.13	785.93	96.27
131	1	2004	C845000000000100	280.46	519.08	799.54	98.86
132	1	2003	C845000000000100	267.24	526.68	793.92	99.01
133	1	2002	C845000000000100	269.87	564.25	834.12	104.84
134	1	2001	C845000000000100	240.02	530.64	770.66	97.57
135	1	2000	C845000000000100	233.39	543.99	777.38	99.07
136	1	2000	D600001000022502	49.74	105.66	155.40	16.49
137	1	1999	C845000000000100	206.76	506.73	713.49	91.49
138	1	1998	C845000000000100	208.56	536.17	744.73	96.04
139	1	1997	C845000000000100	187.34	504.10	691.44	89.64
140	1	1995	C845000000000100	136.16	399.07	535.23	70.05
141	1	1994	C845000000000100	125.11	381.69	506.80	66.62

COUNTY of HIDALGO



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

January 5, 2024

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

Re: October 2023 DTA Payment Request Report No. 2023-64

Dear Mr. Villarreal:

We completed a limited scope review of the October 2023 payment request prepared by your office for delinquent tax attorney (DTA) fees due to Linebarger, Goggan, Blair, and Sampson LLP ("LGBS") and related supporting documentation. The objective of the review was to determine if the payment request was accurate and properly authorized.

The results of the review revealed that the payment request was generally accurate and properly authorized. We will proceed to process the October 2023 DTA payment request in the amount of \$161,821.75 to LGBS.

The scope of the review was limited to a review of the DTA fees collected by your office on behalf of the following entities: Hidalgo County (GHD), Road District 2 (RD2), Road District 5 (RD5), Road District 7 (RD7), Road District 12 (RD12), Road District 14 (RD14), Road District 15 (RD15), State of Texas (TEX); and the payment request prepared by your office for the month ended October 31, 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. The responsibility for sound internal controls rests with management.

In conducting the review, the following procedures were performed:

- Verified that the payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of October 2023."
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the DTA fees were collected at the 15% rate specified in the contract.
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the total amount of DTA fees collected agreed to the amount transferred to the Hidalgo County Treasurer's Office.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. 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. 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. YSMAEL FONSECA JUDGE, 476TH D.C.

Based on the review, the following was noted:

- The payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of October 2023."
- Although DTA fees for 106 tax accounts were not collected at the 15% rate specified in the contract; we concluded that the differences in rates were attributed to tax deferrals (104 tax accounts), and small amounts (2 tax accounts) (see Exhibit A).
- The total amount of DTA fees collected on the "Hidalgo County Tax Office Collection Reports" for the month of October 2023 agreed to the amount transferred to the Hidalgo County Treasurer's Office.

If you have any questions please contact Francisco Saenz, Internal Auditor III, at (956) 318-2511, ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



Letty Chavez,
County Auditor

Enclosure: Exhibit A

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



HIDALGO COUNTY DISTRICT JUDGES

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Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
1	1	2022	N860000002002700	0.41	0.09	0.50	0.07
2	1	2022	T730000000001300	0.36	0.07	0.43	0.07
3	1	2021	1005800000000106	239.87	62.36	302.23	43.54
4	1	2021	P520000006000800	86.46	21.47	107.93	15.43
5	1	2021	C982502000004900	47.63	11.82	59.45	8.50
6	1	2021	T580000000003030	39.13	9.95	49.08	7.05
7	1	2021	P450000002001100	23.02	5.57	28.59	4.07
8	1	2020	M418098000003600	55.96	17.34	73.30	10.16
9	1	2020	G855500000002100	50.46	18.29	68.75	9.84
10	1	2020	M550000095001204	46.86	16.99	63.85	9.14
11	1	2020	P520000006000800	42.61	15.69	58.30	8.37
12	1	2020	S477000000006700	20.08	6.81	26.89	3.79
13	1	2019	T745097000006105	31.49	14.65	46.14	6.56
14	1	2018	R095500000000100	144.67	85.48	230.15	32.99
15	1	2018	T601001000000200	32.51	16.36	48.87	6.68
16	1	2018	B403502000023600	27.03	15.18	42.21	5.96
17	1	2018	R106000000004700	26.44	14.07	40.51	5.63
18	1	2017	R095500000000100	276.43	196.49	472.92	68.00
19	1	2017	R055002000000900	97.92	49.04	146.96	18.80
20	1	2017	A210000070000600	14.72	6.68	21.40	2.65
21	1	2017	R350000000000042	8.55	5.53	14.08	1.96
22	1	2017	V380002010001000	6.52	3.19	9.71	1.23
23	1	2016	D600003000002000	240.54	202.66	443.20	64.23
24	1	2016	D600003000002000	240.54	202.66	443.20	64.23
25	1	2016	G51510000B001400	50.66	30.87	81.53	10.49
26	1	2016	G590001003002900	34.36	28.55	62.91	9.07
27	1	2016	L110002003008900	49.53	25.35	74.88	8.92
28	1	2016	B505197000004300	2.13	1.38	3.51	0.46
29	1	2016	D600003000002000	-240.54	-202.66	-443.20	-64.23
30	1	2015	H165005000005900	32.19	25.35	57.54	7.73
31	1	2015	G51510000B001400	23.06	16.81	39.87	5.19
32	1	2014	N673005000019500	1,285.00	854.52	2,139.52	227.45
33	1	2014	R250000001001000	60.75	41.62	102.37	11.30
34	1	2014	M184001000000800	41.60	30.16	71.76	8.49
35	1	2014	S265001000004100	14.58	13.23	27.81	3.76
36	1	2014	L020000000000900	10.64	11.15	21.79	3.13
37	1	2013	E810000010000600	84.44	65.44	149.88	16.09
38	1	2013	V382000000016200	2.00	1.95	3.95	0.53
39	1	2012	H305000000000400	10.83	9.73	20.56	2.27
40	1	2011	C470000006000800	77.56	90.63	168.19	22.22
41	1	2011	V382000000016200	65.77	80.02	145.79	19.73
42	1	2011	H305000000000400	79.85	81.31	161.16	18.21
43	1	2011	E720000004000100	52.99	49.01	102.00	9.85
44	1	2011	B040000000002000	26.00	35.53	61.53	8.78
45	1	2011	L045000024000003	38.82	35.91	74.73	7.22
46	1	2011	C005000000002302	23.59	26.45	50.04	6.47
47	1	2010	E540000045000300	94.97	108.42	203.39	23.51

48	1	2010	V180000005001000	70.24	82.52	152.76	18.43
49	1	2010	S118000000000500	40.11	40.44	80.55	7.52
50	1	2010	C904595000004900	14.85	14.93	29.78	2.77
51	1	2010	S531000002001000	2.25	2.53	4.78	0.54
52	1	2009	E540000045000300	101.19	127.67	228.86	26.87
53	1	2009	S531000002001000	64.20	79.93	144.13	16.56
54	1	2009	P640000062000500	74.34	82.14	156.48	14.50
55	1	2009	P927901000007000	25.76	31.73	57.49	6.49
56	1	2009	B190016000000200	28.89	32.32	61.21	5.81
57	1	2008	E540000045000300	89.59	123.79	213.38	25.40
58	1	2008	H365003000001100	22.74	26.94	49.68	4.43
59	1	2008	M015000062000401	12.99	17.94	30.93	3.68
60	1	2008	S245000000001200	15.64	19.43	35.07	3.45
61	1	2008	M355000056000400	8.12	10.07	18.19	1.78
62	1	2008	S245000000001200	-15.64	-19.43	-35.07	-3.45
63	1	2007	L045000024000002	54.94	74.80	129.74	13.10
64	1	2007	C980000002000817	23.88	31.05	54.93	5.08
65	1	2007	S245000000001200	17.50	23.84	41.34	4.18
66	1	2007	G99500000A000400	21.14	26.25	47.39	3.90
67	1	2007	S245000000001200	8.76	11.93	20.69	2.09
68	1	2007	M475000002001600	7.11	9.30	16.41	1.53
69	1	2007	S245000000001200	2.17	2.95	5.12	0.52
70	1	2007	S245000000001200	-2.17	-2.95	-5.12	-0.52
71	1	2006	W380000238000005	18.67	27.67	46.34	4.79
72	1	2005	T476000000004000	259.39	384.31	643.70	57.19
73	1	2005	C005000000004905	45.66	76.19	121.85	13.91
74	1	2005	W230000052000300	8.12	13.72	21.84	2.56
75	1	2005	R225001003001900	2.30	4.11	6.41	0.83
76	1	2005	R225001003001900	2.29	4.12	6.41	0.83
77	1	2004	B496504000032900	7.66	14.23	21.89	2.71
78	1	2004	W010000044001052	6.75	10.00	16.75	1.24
79	1	2004	W010000049001055	1.55	2.57	4.12	0.41
80	1	2003	W010000049001055	36.15	64.40	100.55	10.25
81	1	2003	C690000001000700	14.87	25.00	39.87	3.55
82	1	2003	C690000001000700	14.87	25.00	39.87	3.55
83	1	2003	B240001000005300	12.54	20.50	33.04	2.73
84	1	2003	W380000208000002	8.35	14.52	22.87	2.21
85	1	2003	C690000001000700	-14.87	-25.00	-39.87	-3.55
86	1	2001	L222500000001500	48.83	89.44	138.27	11.42
87	1	2001	M625500000000600	44.92	83.31	128.23	10.98
88	1	2001	E810000007003005	10.48	21.10	31.58	3.31
89	1	2000	S170003007001200	35.46	68.11	103.57	8.45
90	1	2000	A130000001003700	14.61	29.31	43.92	4.04
91	1	1999	R385000003000700	6.35	14.49	20.84	2.31
92	1	1997	M215000005001200	37.24	100.24	137.48	17.76
93	1	1996	B157000000002600	28.13	74.29	102.42	11.77
94	1	1996	F225001004000400	4.11	10.35	14.46	1.50
95	1	1996	A080098000111600	2.64	7.85	10.49	1.47
96	1	1996	B157000000002600	-28.13	-74.29	-102.42	-11.77
97	1	1994	C770000002002000	91.13	244.37	335.50	33.21
98	1	1994	A080000000114909	11.20	33.23	44.43	5.53

99	1	1994	J570000001001034	12.02	31.47	43.49	4.04
100	1	1990	L670000017000500	60.85	197.24	258.09	28.75
101	1	1988	M215000001002000	6.73	22.57	29.30	3.04
102	1	1987	L670000017000500	51.64	185.99	237.63	27.19
103	1	1982	S120000000003100	2.32	10.63	12.95	1.83
104	17	1987	L670000017000500	7.44	26.78	34.22	3.92
105	17	1982	S120000000003100	0.35	1.59	1.94	0.27
106	1	2007	E540000045000300	57.35	86.12	143.47	17.29

COUNTY of HIDALGO



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

January 19, 2024

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

Re: November 2023 DTA Payment Request Report No. 2023-65

Dear Mr. Villarreal:

We completed a limited scope review of the November 2023 payment request prepared by your office for delinquent tax attorney (DTA) fees due to Linebarger, Goggan, Blair, and Sampson LLP ("LGBS") and related supporting documentation. The objective of the review was to determine if the payment request was accurate and properly authorized.

The results of the review revealed that the payment request was generally accurate and properly authorized. We will proceed to process the November 2023 DTA payment request in the amount of \$169,322.61 to LGBS.

The scope of the review was limited to a review of the DTA fees collected by your office on behalf of the following entities: Hidalgo County (GHD), Road District 2 (RD2), Road District 5 (RD5), Road District 7 (RD7), Road District 12 (RD12), Road District 14 (RD14), Road District 15 (RD15), State of Texas (TEX); and the payment request prepared by your office for the month ended November 30, 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. The responsibility for sound internal controls rests with management.

In conducting the review, the following procedures were performed:

- Verified that the payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of November 2023."
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the DTA fees were collected at the 15% rate specified in the contract.
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the total amount of DTA fees collected agreed to the amount transferred to the Hidalgo County Treasurer's Office.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

Based on the review, the following was noted:

- The payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of November 2023."
- Although DTA fees for 106 tax accounts were not collected at the 15% rate specified in the contract; we concluded that the differences in rates were attributed to tax deferrals (see Exhibit A).
- The total amount of DTA fees collected on the "Hidalgo County Tax Office Collection Reports" for the month of November 2023 agreed to the amount transferred to the Hidalgo County Treasurer's Office.

If you have any questions, please contact Francisco Saenz, Internal Auditor III, at 318-2511, ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



Letty Chavez,
County Auditor

Enclosure: Exhibit A

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



HIDALGO COUNTY DISTRICT JUDGES

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Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
1	1	2021	C617002000006800	316.57	87.32	403.89	58.41
2	1	2021	B190013000001300	112.31	29.01	141.32	20.22
3	1	2021	T525000023001200	71.95	17.75	89.70	12.74
4	1	2021	L170302000003700	62.56	16.16	78.72	11.26
5	1	2021	T580000000003030	39.02	10.08	49.10	7.02
6	1	2021	E458000000001600	31.77	8.39	40.16	5.77
7	1	2021	P450000002001100	7.45	1.84	9.29	1.32
8	1	2021	V351500000010100	3.81	1.09	4.90	0.71
9	1	2020	1005800000000106	54.54	20.94	75.48	10.88
10	1	2020	M418098000003600	55.81	17.53	73.34	10.13
11	1	2020	G855500000002100	50.32	18.45	68.77	9.81
12	1	2020	M550000095001204	46.74	17.14	63.88	9.11
13	1	2020	T745097000006105	32.35	11.29	43.64	6.16
14	1	2020	L075500000001500	10.14	3.30	13.44	1.87
15	1	2019	T745097000006105	22.05	10.35	32.40	4.60
16	1	2019	S295000000033750	17.93	7.99	25.92	3.63
17	1	2018	P811503000010200	280.25	121.44	401.69	52.55
18	1	2018	L255002016000900	149.27	62.69	211.96	27.32
19	1	2018	L181000000021300	44.65	18.50	63.15	8.10
20	1	2018	L181000000021300	44.65	18.50	63.15	8.10
21	1	2018	R106000000004700	25.36	13.61	38.97	5.40
22	1	2018	U050001002010200	17.21	9.25	26.46	3.67
23	1	2018	L181000000021300	-44.65	-18.50	-63.15	-8.10
24	1	2017	P811503000010200	268.58	148.61	417.19	55.19
25	1	2017	H220000000002600	158.55	85.62	244.17	31.87
26	1	2017	L255002016000900	132.37	71.48	203.85	26.61
27	1	2017	B030000018000200	102.69	75.83	178.52	25.88
28	1	2017	R095500000000100	73.05	52.24	125.29	17.97
29	1	2017	D060001000001300	61.59	27.51	89.10	10.90
30	1	2017	T525002018003900	17.57	9.59	27.16	3.56
31	1	2017	R350000000000042	8.53	5.55	14.08	1.96
32	1	2017	L181000000021300	5.06	2.70	7.76	1.01
33	1	2017	L181000000021300	5.06	2.70	7.76	1.01
34	1	2017	L181000000021300	-5.06	-2.70	-7.76	-1.01
35	1	2016	D600003000002000	240.07	203.26	443.33	64.10
36	1	2016	P811503000010200	271.62	182.89	454.51	60.71
37	1	2016	H220000000002600	140.11	92.47	232.58	30.68
38	1	2016	C162300000002000	141.64	86.87	228.51	29.32
39	1	2016	E850002008000300	21.74	11.81	33.55	4.11
40	1	2014	S447002000001500	54.11	44.91	99.02	12.82
41	1	2014	S095000002000400	42.44	35.72	78.16	10.19
42	1	2014	S095000002000400	42.44	35.72	78.16	10.19
43	1	2014	S265001000004100	15.84	12.22	28.06	3.52
44	1	2014	L020000000000900	10.63	11.18	21.81	3.12
45	1	2013	N861301000009900	37.07	28.14	65.21	6.73
46	1	2013	L205000048000300	0.21	0.28	0.49	0.07
47	1	2012	T625001000001000	96.13	96.37	192.50	24.51

48	1	2012	T625001000001000	96.01	96.25	192.26	24.49
49	1	2012	H305000000000400	94.94	85.67	180.61	19.93
50	1	2012	J570098005000205	16.29	18.67	34.96	4.76
51	1	2012	J570098005000205	8.95	10.20	19.15	2.61
52	1	2011	T210000236000211	85.75	94.25	180.00	22.51
53	1	2011	P860000000002800	70.26	68.57	138.83	14.55
54	1	2011	E720000004000100	52.87	49.13	102.00	9.84
55	1	2011	T210000236000211	17.49	19.23	36.72	4.59
56	1	2011	M059002000001100	9.55	8.92	18.47	1.79
57	1	2011	J570098005000205	4.35	5.48	9.83	1.35
58	1	2010	P860000000002800	116.18	127.31	243.49	26.14
59	1	2010	S531000002001000	70.07	79.12	149.19	16.81
60	1	2010	I223000001010800	52.84	58.25	111.09	12.05
61	1	2010	S118000000000500	19.07	19.30	38.37	3.57
62	1	2010	M059002000001100	16.61	17.48	34.09	3.41
63	1	2010	E330000124000300	8.25	10.77	19.02	2.54
64	1	2009	P640000062000500	49.66	55.07	104.73	9.68
65	1	2009	B190016000000200	28.84	32.37	61.21	5.80
66	1	2009	E330000124000300	10.31	14.69	25.00	3.36
67	1	2009	R415000001000900	6.32	7.32	13.64	1.37
68	1	2008	M015000062000401	16.21	22.45	38.66	4.59
69	1	2008	H365003000001100	22.69	26.99	49.68	4.43
70	1	2008	A370000016001800	7.14	9.63	16.77	1.91
71	1	2008	M355000056000400	8.12	10.09	18.21	1.78
72	1	2007	L108502000002700	10.01	13.52	23.53	2.32
73	1	2007	S245000000001200	8.74	11.93	20.67	2.08
74	1	2007	M475000002001600	7.11	9.31	16.42	1.52
75	1	2007	G99500000A000400	7.01	8.73	15.74	1.29
76	1	2007	S245000000001200	-17.50	-23.84	-41.34	-4.18
77	1	2007	S245000000001200	-26.34	-35.64	-61.98	-6.28
78	1	2006	A180000047000501	28.41	42.12	70.53	7.24
79	1	2005	C005000000004905	45.61	76.27	121.88	13.89
80	1	2005	S477000000006600	15.22	25.52	40.74	4.66
81	1	2005	W230000052000300	8.11	13.74	21.85	2.55
82	1	2005	R382500008000500	6.17	9.30	15.47	1.42
83	1	2005	R225001003001900	2.31	4.12	6.43	0.82
84	1	2004	B496504000032900	7.64	14.24	21.88	2.71
85	1	2004	W010000044001052	6.74	10.01	16.75	1.24
86	1	2003	P550000002002000	180.47	334.93	515.40	56.85
87	1	2003	W380000290000004	51.11	105.57	156.68	20.93
88	1	2003	B505000015000600	10.36	16.64	27.00	2.10
89	1	2003	C690000001000700	3.71	6.26	9.97	0.89
90	1	2002	Q100001000007000	37.29	64.58	101.87	8.33
91	1	2002	M625500000000600	25.83	44.92	70.75	5.85
92	1	2002	L025000114000012	6.71	16.50	23.21	3.36
93	1	2002	A130000001003700	2.56	4.54	7.10	0.62
94	1	2001	M625500000000600	16.88	31.37	48.25	4.13
95	1	2000	L605000000003732	27.76	57.92	85.68	8.62
96	1	2000	S170003007001200	35.39	68.17	103.56	8.44
97	1	2000	P370000003000800	31.49	59.71	91.20	7.09
98	1	2000	S436000000000600	13.21	27.04	40.25	3.86

99	1	2000	A130000001003700	12.12	24.35	36.47	3.35
100	1	1996	W74000011B000900	5.72	14.67	20.39	2.19
101	1	1996	A080098000111600	2.63	7.86	10.49	1.47
102	1	1995	V380002003001400	26.44	69.94	96.38	10.11
103	1	1995	V380002003001400	15.85	41.96	57.81	6.07
104	1	1994	A080000000114909	11.20	33.25	44.45	5.52
105	1	1994	J570000001001034	12.01	31.48	43.49	4.03
106	1	2015	L136500000010300	28.76	21.09	49.85	6.47

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

February 13, 2024

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

Re: December 2023 DTA Payment Request Report No. 2023-68

Dear Mr. Villarreal:

We completed a limited scope review of the December 2023 payment request prepared by your office for delinquent tax attorney (DTA) fees due to Linebarger, Goggan, Blair, and Sampson LLP ("LGBS") and related supporting documentation. The objective of the review was to determine if the payment request was accurate and properly authorized.

The results of the review revealed that the payment request was generally accurate and properly authorized. We will proceed to process the December 2023 DTA payment request in the amount of \$101,523.34 to LGBS.

The scope of the review was limited to a review of the DTA fees collected by your office on behalf of the following entities: Hidalgo County (GHD), Road District 2 (RD2), Road District 5 (RD5), Road District 7 (RD7), Road District 12 (RD12), Road District 14 (RD14), Road District 15 (RD15), State of Texas (TEX); and the payment request prepared by your office for the month ended December 31, 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. The responsibility for sound internal controls rests with management.

In conducting the review, the following procedures were performed:

- Verified that the payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of December 2023."
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the DTA fees were collected at the 15% rate specified in the contract.
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the total amount of DTA fees collected agreed to the amount transferred to the Hidalgo County Treasurer's Office.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. 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. 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. YSMAEL FONSECA JUDGE, 476TH D.C.

Based on the review, the following was noted:

- The payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of December 2023."
- Although DTA fees for 88 tax accounts were not collected at the 15% rate specified in the contract; we concluded that the differences in rates were attributed to tax deferrals (87 tax accounts), and small amounts (1 tax account) (see Exhibit A).
- The total amount of DTA fees collected on the "Hidalgo County Tax Office Collection Reports" for the month of December 2023 agreed to the amount transferred to the Hidalgo County Treasurer's Office.

If you have any questions please contact Francisco Saenz, Internal Auditor III, at (956) 318-2511, ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

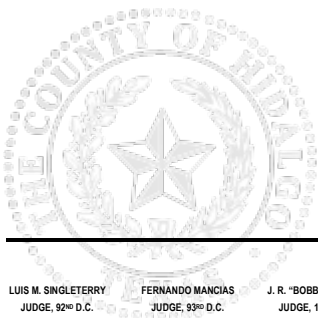
Respectfully,



Letty Chavez,
County Auditor

Enclosure: Exhibit A

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



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. 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. YSMAEL FONSECA JUDGE, 476TH D.C.

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
1	1	2021	M550000095001204	45.88	11.50	57.38	8.12
2	1	2021	A174000000000300	40.40	11.31	51.71	7.45
3	1	2021	T580000000003030	29.83	7.83	37.66	5.37
4	1	2021	E664099000000110	0.42	0.15	0.57	0.08
5	1	2020	G855500000002100	50.19	18.60	68.79	9.79
6	1	2020	M626500000001600	42.27	15.18	57.45	8.12
7	1	2020	P520000006000800	30.42	11.46	41.88	5.98
8	1	2020	M550000095001204	3.43	1.27	4.70	0.67
9	1	2019	M473003000004500	97.15	34.65	131.80	17.34
10	1	2018	B030000018000200	130.53	81.27	211.80	30.55
11	1	2018	B030000018000200	50.11	31.19	81.30	11.72
12	1	2018	B030000018000200	50.11	31.19	81.30	11.72
13	1	2018	R106000000004700	25.40	13.74	39.14	5.41
14	1	2018	B030000018000200	-50.11	-31.19	-81.30	-11.72
15	1	2017	T210000242000408	238.00	118.41	356.41	44.98
16	1	2017	B030000018000200	57.53	42.72	100.25	14.50
17	1	2017	B030000018000200	57.53	42.72	100.25	14.50
18	1	2017	C443502000006000	34.74	16.88	51.62	6.46
19	1	2017	B030000018000200	-57.53	-42.72	-100.25	-14.50
20	1	2016	D600003000002000	239.60	203.86	443.46	63.97
21	1	2016	R332097000005301	115.93	69.56	185.49	23.48
22	1	2015	R332097000005301	116.76	84.07	200.83	25.75
23	1	2014	G72000000000600	1,011.97	684.76	1,696.73	180.64
24	1	2014	S095000002000400	70.61	59.71	130.32	16.94
25	1	2014	S265001000004100	15.81	12.26	28.07	3.51
26	1	2014	L020000000000900	10.60	11.20	21.80	3.12
27	1	2014	B040000000002000	1.41	1.43	2.84	0.40
28	1	2012	G72000000000600	1,350.84	1,238.27	2,589.11	289.76
29	1	2012	H30500000000400	94.74	85.90	180.64	19.90
30	1	2012	T010001001000900	27.55	23.88	51.43	5.29
31	1	2011	G72000000000600	100.38	104.06	204.44	23.34
32	1	2011	E720000004000100	52.78	49.25	102.03	9.81
33	1	2011	E015700000009800	26.18	30.36	56.54	7.39
34	1	2010	G72000000000600	1,257.44	1,454.43	2,711.87	314.99
35	1	2010	S266097000020403	3.63	3.66	7.29	0.67
36	1	2009	P927901000007000	25.71	31.78	57.49	6.48
37	1	2009	M550000097001421	19.28	24.04	43.32	4.92
38	1	2009	S266097000020403	0.56	0.64	1.20	0.11
39	1	2008	M355000175000100	191.96	225.87	417.83	35.99
40	1	2008	T094003000007300	115.22	137.89	253.11	22.64
41	1	2008	B425000000006700	32.79	48.55	81.34	10.63
42	1	2008	F393000000001000	46.43	54.95	101.38	8.85
43	1	2008	H350000005000100	33.12	38.85	71.97	6.16
44	1	2008	M015000062000401	16.17	22.49	38.66	4.59
45	1	2008	H365003000001100	22.66	27.04	49.70	4.42
46	1	2008	S266097000020403	11.82	14.78	26.60	2.61
47	1	2007	W140000007000300	253.12	330.75	583.87	53.16

48	1	2007	M355000175000100	195.21	253.12	448.33	40.12
49	1	2007	L205000035000500	91.40	114.25	205.65	16.86
50	1	2007	H47000000L000108	72.38	96.27	168.65	15.96
51	1	2007	P640000023000500	32.71	50.61	83.32	10.41
52	1	2007	S266097000020403	13.65	18.70	32.35	3.26
53	1	2007	S245000000001200	8.72	11.95	20.67	2.08
54	1	2007	L108502000002700	6.67	9.03	15.70	1.54
55	1	2007	M475000002001600	7.08	9.33	16.41	1.52
56	1	2006	M355000175000100	177.47	251.41	428.88	39.66
57	1	2006	A180000047000501	28.41	42.12	70.53	7.24
58	1	2005	L205000035000500	90.49	134.83	225.32	19.95
59	1	2005	C005000000004905	45.54	76.36	121.90	13.87
60	1	2005	J570000008002073	42.67	61.86	104.53	8.64
61	1	2005	S477000000006600	15.12	25.41	40.53	4.63
62	1	2005	W230000052000300	8.09	13.75	21.84	2.55
63	1	2005	R225001003001900	2.29	4.13	6.42	0.82
64	1	2005	J570000008002073	1.29	1.89	3.18	0.26
65	1	2005	J570000008002073	-42.67	-61.86	-104.53	-8.64
66	1	2004	A413000000001700	41.29	69.09	110.38	11.02
67	1	2002	1004100010000006	78.00	147.43	225.43	22.82
68	1	2002	M625500000000600	41.43	72.05	113.48	9.38
69	1	2002	S215000007000200	23.77	44.37	68.14	6.70
70	1	2002	A130000001003700	15.05	26.72	41.77	3.62
71	1	2002	M625500000000600	0.07	0.13	0.20	0.02
72	1	2001	S447004000000900	15.39	33.81	49.20	6.07
73	1	2000	R385000003000700	8.30	18.03	26.33	2.88
74	1	2000	S447004000000900	0.88	2.03	2.91	0.36
75	1	1999	H383000000013500	5.34	12.53	17.87	2.08
76	1	1996	A080098000111600	2.63	7.86	10.49	1.47
77	1	1995	L205000048000200	17.76	44.94	62.70	5.84
78	1	1995	S144000000005100	5.75	15.51	21.26	2.32
79	1	1994	A080000000114909	11.18	33.27	44.45	5.51
80	1	1994	J570000001001034	11.99	31.50	43.49	4.03
81	1	1989	L670000007001400	17.30	59.80	77.10	9.16
82	1	2009	P640000062000500	49.70	55.33	105.03	9.69
83	1	2006	C470000017000400	16.66	22.16	38.82	3.07
84	1	2005	C470000017000400	18.60	26.97	45.57	3.77
85	1	2004	C470000017000400	20.52	32.22	52.74	4.52
86	1	2003	C470000017000400	23.42	39.59	63.01	5.59
87	1	2002	C470000017000400	25.35	45.89	71.24	6.50
88	1	2001	C470000017000400	24.87	48.00	72.87	6.83

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

March 20, 2024

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

Re: January 2024 DTA Payment Request Report No. 2024-29

Dear Mr. Villarreal:

We completed a limited scope review of the January 2024 payment request prepared by your office for delinquent tax attorney (DTA) fees due to Linebarger, Goggan, Blair, and Sampson LLP ("LGBS") and related supporting documentation. The objective of the review was to determine if the payment request was accurate and properly authorized.

The results of the review revealed that the payment request was generally accurate and properly authorized. We will proceed to process the January 2024 DTA payment request in the amount of \$136,878.51 to LGBS.

The scope of the review was limited to a review of the DTA fees collected by your office on behalf of the following entities: Hidalgo County (GHD), Road District 2 (RD2), Road District 5 (RD5), Road District 7 (RD7), Road District 12 (RD12), Road District 14 (RD14), Road District 15 (RD15), State of Texas (TEX); and the payment request prepared by your office for the month ended January 31, 2024. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. The responsibility for sound internal controls rests with management.

In conducting the review, the following procedures were performed:

- Verified that the payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of January 2024."
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the DTA fees were collected at the 15% rate specified in the contract.
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the total amount of DTA fees collected agreed to the amount transferred to the Hidalgo County Treasurer's Office.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. 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. 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. YSMAEL FONSECA JUDGE, 476TH D.C.

Based on the review, the following was noted:

- The payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of January 2024."
- Although DTA fees for 131 tax accounts were not collected at the 15% rate specified in the contract; we concluded that the differences in rates were attributed to tax deferrals (127 tax accounts), and small amounts (4 tax accounts) (see Exhibit A).
- The total amount of DTA fees collected on the "Hidalgo County Tax Office Collection Reports" for the month of January 2024 agreed to the amount transferred to the Hidalgo County Treasurer's Office.

If you have any questions please contact Francisco Saenz, Internal Auditor III, at (956) 318-2511, ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

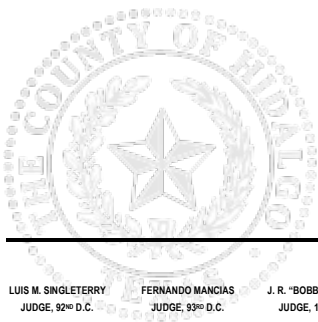
Respectfully,



Letty Chavez
County Auditor

Enclosure: Exhibit A

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



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. 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. YSMAEL FONSECA JUDGE, 476TH D.C.

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
1	1	2022	T79400000013000	0.73	0.17	0.90	0.13
2	1	2022	W010099050001002	0.13	0.04	0.17	0.02
3	1	2022	S016300000000400	0.08	0.02	0.10	0.01
4	1	2021	H031502000000100	180.74	46.09	226.83	31.99
5	1	2021	R397500000000800	112.91	30.77	143.68	20.49
6	1	2021	N860000005005900	113.67	28.99	142.66	20.12
7	1	2021	T525000023001200	84.16	21.46	105.62	14.90
8	1	2021	A174000000000300	80.55	22.90	103.45	14.86
9	1	2021	P640000078000500	56.01	14.28	70.29	9.91
10	1	2021	M550000095001204	49.38	12.59	61.97	8.74
11	1	2021	B505000010002200	43.98	13.02	57.00	8.25
12	1	2021	C980000002001402	44.31	11.12	55.43	7.84
13	1	2021	C980000002001402	44.18	11.27	55.45	7.82
14	1	2021	G855500000002100	43.56	11.11	54.67	7.71
15	1	2021	S397510000000700	4.22	1.08	5.30	0.75
16	1	2021	V250000002000300	0.07	0.03	0.10	0.01
17	1	2021	E540000059001500	-0.13	-0.04	-0.17	-0.02
18	1	2020	B190024000001500	314.67	114.85	429.52	60.89
19	1	2020	P520000006000800	123.93	47.19	171.12	24.35
20	1	2020	M418098000003600	55.49	17.90	73.39	10.07
21	1	2020	M626500000001600	28.10	10.21	38.31	5.40
22	1	2020	G855500000002100	10.71	4.01	14.72	2.09
23	1	2020	R397500000000800	7.76	3.05	10.81	1.55
24	1	2019	B190024000001500	346.87	168.24	515.11	73.36
25	1	2019	P550000002002700	45.56	18.83	64.39	8.75
26	1	2018	G062600000000100	139.59	56.54	196.13	24.71
27	1	2018	C170000000000100	5.14	3.21	8.35	1.20
28	1	2017	D600003000002000	220.12	161.80	381.92	54.81
29	1	2017	R055002000000900	162.01	83.16	245.17	31.11
30	1	2017	L383000000001100	149.27	71.40	220.67	27.32
31	1	2017	T792000000001500	52.87	37.32	90.19	12.77
32	1	2017	C170000000000100	27.47	20.40	47.87	6.92
33	1	2017	R350000000000042	14.15	9.33	23.48	3.25
34	1	2017	G590001003002900	7.79	5.63	13.42	1.91
35	1	2016	N135002000018900	274.84	144.98	419.82	49.88
36	1	2016	L383000000001100	141.59	84.72	226.31	28.46
37	1	2016	R116002000003000	37.79	30.33	68.12	9.58
38	1	2016	D600003000002000	30.71	26.25	56.96	8.20
39	1	2016	G590001003002900	26.77	22.58	49.35	7.07
40	1	2015	N135002000018900	275.49	178.37	453.86	54.96
41	1	2015	L383000000001100	141.59	101.71	243.30	31.01
42	1	2015	S365000003001300	14.73	9.81	24.54	3.03
43	1	2015	S095000002000400	5.81	4.25	10.06	1.29
44	1	2014	H305000000000400	361.98	231.97	593.95	61.36
45	1	2014	L383000000001100	116.36	97.55	213.91	27.58
46	1	2014	S095000002000400	76.24	64.80	141.04	18.30
47	1	2014	N135002000018900	76.95	59.07	136.02	16.74

48	1	2014	B04000000002000	37.92	38.64	76.56	10.75
49	1	2014	S365000003001300	31.85	25.03	56.88	7.12
50	1	2014	L020000000000900	10.59	11.22	21.81	3.11
51	1	2013	H305000000000400	368.43	291.36	659.79	70.74
52	1	2013	A180000054000900	348.28	269.63	617.91	64.26
53	1	2013	N861302000005600	47.85	37.84	85.69	9.19
54	1	2013	O210000005000035	46.21	35.17	81.38	8.25
55	1	2013	S160000000003989	24.56	21.07	45.63	5.46
56	1	2012	H305000000000400	83.55	76.11	159.66	17.55
57	1	2012	H305000000000400	73.60	67.04	140.64	15.46
58	1	2012	J570098005000205	18.94	21.86	40.80	5.54
59	1	2012	B158504000007200	11.68	11.84	23.52	3.00
60	1	2011	S181700000012800	464.65	434.06	898.71	85.73
61	1	2011	M059002000001100	45.97	43.26	89.23	8.62
62	1	2011	T580000000002903	43.35	41.50	84.85	8.45
63	1	2011	E015700000009800	26.15	30.42	56.57	7.37
64	1	2011	R195001000000800	22.14	21.58	43.72	4.48
65	1	2011	E720000004000100	19.22	18.02	37.24	3.57
66	1	2011	C880000016001200	16.73	15.80	32.53	3.16
67	1	2011	M059002000001100	-45.97	-43.26	-89.23	-8.62
68	1	2010	S181700000012800	477.63	503.50	981.13	96.72
69	1	2010	H345002000000200	160.40	161.60	322.00	29.11
70	1	2010	S531000002001000	69.95	79.27	149.22	16.79
71	1	2009	S181700000012800	481.38	565.22	1,046.60	106.14
72	1	2009	G130000001000200	10.66	11.70	22.36	1.98
73	1	2009	B395002000001800	0.78	1.06	1.84	0.24
74	1	2008	L056000000000600	205.67	256.57	462.24	44.73
75	1	2008	M355000056000400	3.66	4.57	8.23	0.80
76	1	2007	L007001000007300	174.34	253.52	427.86	47.86
77	1	2007	P640000023000500	32.67	50.67	83.34	10.39
78	1	2007	C980000002000817	11.00	14.46	25.46	2.35
79	1	2007	S245000000001200	8.70	11.97	20.67	2.08
80	1	2007	L045000024000002	2.53	3.47	6.00	0.60
81	1	2007	S245000000001200	-8.70	-11.97	-20.67	-2.08
82	1	2006	C005000000004905	30.46	47.56	78.02	8.73
83	1	2005	T220000018002100	42.76	63.88	106.64	9.43
84	1	2005	J570000008002073	45.18	65.69	110.87	9.15
85	1	2005	C005000000004905	24.85	41.77	66.62	7.57
86	1	2005	S477000000006600	15.19	25.57	40.76	4.65
87	1	2005	L056000000000600	11.63	18.72	30.35	3.16
88	1	2005	W230000052000300	8.08	13.77	21.85	2.55
89	1	2005	R225001003001900	2.30	4.12	6.42	0.82
90	1	2004	B496504000032900	7.63	14.26	21.89	2.70
91	1	2004	W010000044001052	6.71	10.04	16.75	1.24
92	1	2003	P550000002002000	46.96	87.54	134.50	14.79
93	1	2003	A180000064001504	17.04	30.74	47.78	4.91
94	1	2003	B505000015000600	11.40	18.40	29.80	2.31
95	1	2003	C690000001000700	4.93	8.36	13.29	1.18
96	1	2003	C690000001000700	4.93	8.36	13.29	1.18
97	1	2002	S367500006000700	135.94	235.74	371.68	29.97
98	1	2002	A530000002000300	64.09	116.26	180.35	16.44

99	1	2002	M625500000000600	41.29	72.19	113.48	9.36
100	1	2002	L025000114000012	6.70	16.51	23.21	3.36
101	1	2001	S367500006000700	63.71	118.13	181.84	15.20
102	1	2001	T527000000008800	12.16	26.20	38.36	4.54
103	1	2000	T527000000008800	154.97	352.43	507.40	60.67
104	1	2000	E330000189000500	62.20	115.95	178.15	12.87
105	1	2000	S170003007001200	35.30	68.28	103.58	8.42
106	1	2000	L025000010000000	10.62	27.63	38.25	5.42
107	1	2000	R385000003000700	8.29	18.04	26.33	2.88
108	1	2000	E330000189000500	6.91	12.88	19.79	1.43
109	1	2000	E310000006001400	2.56	5.95	8.51	1.06
110	1	1999	T527000000008800	22.41	53.66	76.07	9.18
111	1	1999	L205000051000500	21.32	43.82	65.14	5.47
112	1	1998	C540000000000200	9.78	21.23	31.01	2.68
113	1	1996	V380002003001400	15.46	39.19	54.65	5.64
114	1	1996	V380002003001400	12.80	32.46	45.26	4.67
115	1	1996	A080098000111600	3.15	9.44	12.59	1.76
116	1	1995	F345000156001200	22.02	54.26	76.28	6.54
117	1	1995	V380002003001400	13.28	35.24	48.52	5.08
118	1	1995	S144000000005100	5.76	15.52	21.28	2.31
119	1	1994	A080000000114909	11.17	33.28	44.45	5.51
120	1	1988	L670000017000500	58.81	205.52	264.33	29.91
121	1	1987	L670000017000500	16.07	58.09	74.16	8.46
122	1	1987	L670000017000500	13.74	49.64	63.38	7.23
123	17	1987	L670000017000500	2.31	8.35	10.66	1.22
124	17	1987	L670000017000500	1.98	7.14	9.12	1.04
125	1	2014	V382000000015600	175.12	133.82	308.94	37.83
126	1	2014	L100301000000100	-221.81	-134.95	-356.76	-41.92
127	1	2012	P576000000006800	512.56	444.22	956.78	98.41
128	1	2011	P576000000006800	258.31	254.86	513.17	54.24
129	1	2009	P640000062000500	49.47	55.28	104.75	9.65
130	1	2008	E310000023000100	112.30	154.31	266.61	30.83
131	1	2006	E310000023000100	28.76	46.42	75.18	8.93

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

April 11, 2024

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

Re: February 2024 DTA Payment Request Report No. 2024-30

Dear Mr. Villarreal:

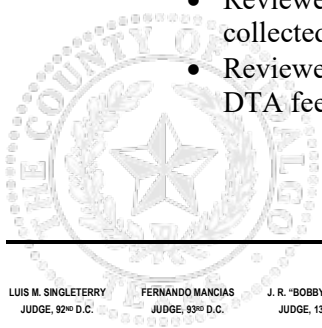
We completed a limited scope review of the February 2024 payment request prepared by your office for delinquent tax attorney (DTA) fees due to Linebarger, Goggan, Blair, and Sampson LLP ("LGBS") and related supporting documentation. The objective of the review was to determine if the payment request was accurate and properly authorized.

The results of the review revealed that the payment request was generally accurate and properly authorized. We will proceed to process the February 2024 DTA payment request in the amount of \$127,157.38 to LGBS.

The scope of the review was limited to a review of the DTA fees collected by your office on behalf of the following entities: Hidalgo County (GHD), Road District 2 (RD2), Road District 5 (RD5), Road District 7 (RD7), Road District 12 (RD12), Road District 14 (RD14), Road District 15 (RD15), State of Texas (TEX); and the payment request prepared by your office for the month ended February 29, 2024. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. The responsibility for sound internal controls rests with management.

In conducting the review, the following procedures were performed:

- Verified that the payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of February 2024."
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the DTA fees were collected at the 15% rate specified in the contract.
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the total amount of DTA fees collected agreed to the amount transferred to the Hidalgo County Treasurer's Office.



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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Based on the review, the following was noted:

- The payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of February 2024."
- Although DTA fees for 126 tax accounts were not collected at the 15% rate specified in the contract; we concluded that the differences in rates were attributed to tax deferrals (125 tax accounts), and small amounts (1 tax account) (see Exhibit A).
- The total amount of DTA fees collected on the "Hidalgo County Tax Office Collection Reports" for the month of February 2024 agreed to the amount transferred to the Hidalgo County Treasurer's Office.

If you have any questions please contact Francisco Saenz, Internal Auditor III, at (956) 318-2511, ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

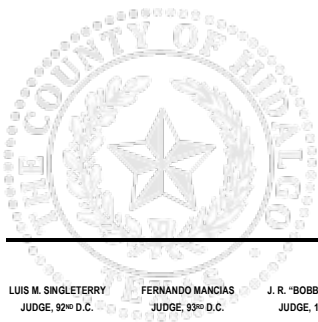
Respectfully,



Letty Chavez
County Auditor

Enclosure: Exhibit A

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



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. 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. YSMAEL FONSECA JUDGE, 476TH D.C.

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
1	1	2022	E650000006000505	0.62	0.15	0.77	0.11
2	1	2021	L106500000000700	436.84	128.50	565.34	81.25
3	1	2021	G855500000002100	55.27	14.32	69.59	9.78
4	1	2021	M550000095001204	49.24	12.76	62.00	8.71
5	1	2021	C982502000004900	47.08	12.48	59.56	8.40
6	1	2021	R06500009000700	32.74	9.82	42.56	6.14
7	1	2021	T525000023001200	29.09	7.54	36.63	5.15
8	1	2020	L106500000000700	397.12	164.47	561.59	81.01
9	1	2020	I223000001046100	156.62	63.95	220.57	31.71
10	1	2020	C443501000000500	160.94	49.09	210.03	28.49
11	1	2020	T537000001000600	118.40	42.82	161.22	22.56
12	1	2020	E330000150000800	61.05	21.01	82.06	11.36
13	1	2020	1005800000000106	54.25	21.29	75.54	10.82
14	1	2020	M626500000001600	56.07	20.60	76.67	10.76
15	1	2020	M418098000003600	55.34	18.07	73.41	10.04
16	1	2019	B030000018000200	100.77	51.48	152.25	21.77
17	1	2019	R106000000004700	48.95	21.00	69.95	9.54
18	1	2019	W460002006001600	0.66	0.34	1.00	0.14
19	1	2019	C773000000000100	0.26	0.12	0.38	0.05
20	1	2018	N890001000000600	37.99	16.43	54.42	6.95
21	1	2018	R106000000004700	25.47	13.87	39.34	5.42
22	1	2018	R106000000004700	5.98	3.28	9.26	1.27
23	1	2018	B403502000023600	5.49	3.18	8.67	1.21
24	1	2018	B030000018000200	4.30	2.71	7.01	1.01
25	1	2017	D600003000002000	252.02	186.29	438.31	62.76
26	1	2017	R095500000000100	33.63	24.46	58.09	8.27
27	1	2017	H220000000002600	19.73	10.90	30.63	3.97
28	1	2017	A210000070000600	10.41	4.90	15.31	1.87
29	1	2016	R095500000000100	162.77	137.94	300.71	42.97
30	1	2016	B380000000004900	72.82	44.73	117.55	14.86
31	1	2016	R116002000003000	28.30	22.81	51.11	7.17
32	1	2016	H425005009005400	6.86	3.65	10.51	1.25
33	1	2015	S095000002000400	80.03	58.76	138.79	17.77
34	1	2015	B040000000002000	36.67	33.12	69.79	9.73
35	1	2015	H425005009005400	17.18	11.20	28.38	3.43
36	1	2014	B040000000002000	5.30	5.43	10.73	1.50
37	1	2013	L313002000013700	0.05	0.05	0.10	0.01
38	1	2012	A210000052000600	175.72	160.78	336.50	36.90
39	1	2012	J570098005000205	13.51	15.64	29.15	3.95
40	1	2012	T580000000002903	20.11	16.94	37.05	3.56
41	1	2011	S531000002001000	116.34	118.86	235.20	25.83
42	1	2011	V180000005001000	80.22	85.98	166.20	19.62
43	1	2011	C005000000002302	22.37	25.47	47.84	6.14
44	1	2011	T580000000002903	16.68	16.03	32.71	3.25
45	1	2010	S531000002001000	28.99	33.09	62.08	6.96
46	1	2010	V180000005001000	7.21	8.59	15.80	1.89
47	1	2009	M119003000000900	127.59	142.69	270.28	24.69

48	1	2009	C90250000002900	74.81	82.67	157.48	14.03
49	1	2009	L672500000014000	55.26	68.24	123.50	13.59
50	1	2009	V280000002000300	36.84	42.80	79.64	7.85
51	1	2009	K240000000032522	36.30	39.39	75.69	6.48
52	1	2009	K240000000032522	36.30	39.39	75.69	6.48
53	1	2009	P927901000007000	25.59	31.94	57.53	6.45
54	1	2009	G550000000001200	21.04	25.63	46.67	5.02
55	1	2009	A268000000001900	16.46	18.64	35.10	3.29
56	1	2009	G130000001000200	10.63	11.73	22.36	1.98
57	1	2009	K240000000032522	-36.30	-39.39	-75.69	-6.48
58	1	2008	P640000002000500	96.71	115.25	211.96	18.42
59	1	2008	G560000012002000	54.62	67.27	121.89	11.39
60	1	2008	M015000062000401	28.37	39.70	68.07	8.05
61	1	2008	H350000005000100	28.87	34.13	63.00	5.37
62	1	2008	B505000015001100	6.37	7.69	14.06	1.25
63	1	2008	B425000000006700	-32.79	-48.55	-81.34	-10.63
64	1	2007	P640000023000500	32.62	50.73	83.35	10.38
65	1	2007	L108502000002700	8.31	11.32	19.63	1.92
66	1	2007	M475000002001600	7.07	9.34	16.41	1.52
67	1	2007	M475000002001600	7.07	9.34	16.41	1.52
68	1	2006	T476000000004000	103.64	142.85	246.49	20.99
69	1	2006	C005000000004905	67.05	104.94	171.99	19.21
70	1	2006	C211000000006500	14.56	21.52	36.08	3.60
71	1	2006	P640000002000500	14.96	21.39	36.35	3.38
72	1	2006	B030000015001600	7.62	11.96	19.58	2.21
73	1	2005	I200001000009800	74.84	138.08	212.92	28.18
74	1	2005	P640000002000500	96.71	150.07	246.78	23.65
75	1	2005	T476000000004000	28.06	42.04	70.10	6.19
76	1	2005	S477000000006600	15.04	25.40	40.44	4.61
77	1	2005	W2300000052000300	8.07	13.78	21.85	2.54
78	1	2005	R225001003001900	2.28	4.13	6.41	0.82
79	1	2005	G560000012002000	2.44	3.88	6.32	0.64
80	1	2004	P640000002000500	96.71	161.67	258.38	25.39
81	1	2004	S215000007000200	94.10	153.85	247.95	23.15
82	1	2003	S215000007000200	166.52	292.24	458.76	43.96
83	1	2003	S436000000000500	163.27	264.22	427.49	33.06
84	1	2003	S170003007001200	178.66	281.99	460.65	32.96
85	1	2003	P640000002000500	89.61	160.55	250.16	25.14
86	1	2003	E458000000002500	48.87	93.42	142.29	16.35
87	1	2003	T210000235000409	48.47	82.16	130.63	11.49
88	1	2003	C690000001000700	4.92	8.37	13.29	1.18
89	1	2002	S170003007001200	180.99	307.39	488.38	36.65
90	1	2002	T210000235000409	64.24	116.60	180.84	16.38
91	1	2002	M625500000000600	41.27	72.29	113.56	9.34
92	1	2002	S215000007000200	12.63	23.67	36.30	3.56
93	1	2002	S367500006000700	-135.94	-235.74	-371.68	-29.97
94	1	2001	S170003007001200	149.93	272.63	422.56	33.06
95	1	2001	E330000357001100	9.81	19.78	29.59	3.03
96	1	2001	D320000060003A00	0.55	1.06	1.61	0.15
97	1	2001	D320000060003A00	0.37	0.71	1.08	0.10
98	1	2001	E330000357001100	0.29	0.60	0.89	0.09

99	1	2001	D320000060003A00	0.30	0.59	0.89	0.08
100	1	2001	S367500006000700	-63.71	-118.13	-181.84	-15.20
101	1	2000	L025000010000000	10.59	27.65	38.24	5.42
102	1	2000	S170003007001200	3.32	6.43	9.75	0.79
103	1	1999	E400000002000900	45.08	112.16	157.24	20.28
104	1	1999	E540000002002100	28.25	59.27	87.52	7.75
105	1	1999	H383000000013500	-5.34	-12.53	-17.87	-2.08
106	1	1998	E400000002000900	12.89	33.62	46.51	6.03
107	1	1998	A440000000003000	6.23	16.02	22.25	2.81
108	1	1998	B185000000000400	4.68	11.98	16.66	2.09
109	1	1997	L165002006001000	8.17	18.78	26.95	2.39
110	1	1996	V380002003001400	25.75	65.35	91.10	9.38
111	1	1996	V380002003001400	25.75	65.35	91.10	9.38
112	1	1996	V380002003001400	15.46	39.20	54.66	5.63
113	1	1996	L165002006001000	16.76	40.53	57.29	5.20
114	1	1996	V380002003001400	-25.75	-65.35	-91.10	-9.38
115	1	1995	F345000156001200	22.00	54.28	76.28	6.53
116	1	1994	A080000000114909	16.73	49.94	66.67	8.25
117	1	1994	J570000001001034	11.96	31.54	43.50	4.02
118	1	1994	T540000001000100	0.31	0.88	1.19	0.13
119	1	2021	J015000000004900	277.07	73.42	350.49	49.46
120	1	2011	L065002006000600	5.10	5.32	10.42	1.18
121	1	2010	P640000062000500	52.77	52.86	105.63	9.34
122	1	2010	P640000062000500	47.40	47.48	94.88	8.39
123	1	2009	P640000062000500	4.07	4.56	8.63	0.79
124	1	2008	W380000031000001	24.43	30.90	55.33	5.46
125	1	2008	W380000031000001	12.42	15.71	28.13	2.78
126	1	2001	D600001000022502	170.92	346.11	517.03	53.58

COUNTY of HIDALGO



HIDALGO COUNTY AUDITOR'S OFFICE
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May 14, 2024

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

Re: March 2024 DTA Payment Request Report No. 2024-48

Dear Mr. Villarreal:

We completed a limited scope review of the March 2024 payment request prepared by your office for delinquent tax attorney (DTA) fees due to Lineberger, Goggan, Blair, and Sampson LLP ("LGBS") and related supporting documentation. The objective of the review was to determine if the payment request was accurate and properly authorized.

The results of the review revealed that the payment request was generally accurate and properly authorized. We will proceed to process the March 2024 DTA payment request in the amount of \$135,421.29 to LGBS.

The scope of the review was limited to a review of the DTA fees collected by your office on behalf of the following entities: Hidalgo County (GHD), Road District 2 (RD2), Road District 5 (RD5), Road District 7 (RD7), Road District 12 (RD12), Road District 14 (RD14), Road District 15 (RD15), State of Texas (TEX); and the payment request prepared by your office for the month ended March 31, 2024. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. The responsibility for sound internal controls rests with management.

In conducting the review, the following procedures were performed:

- Verified that the payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of March 2024."
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the DTA fees were collected at the 15% rate specified in the contract.
- Reviewed the "Hidalgo County Tax Office Collection Reports" to determine if the total amount of DTA fees collected agreed to the amount transferred to the Hidalgo County Treasurer's Office.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. 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. 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. YSMAEL FONSECA JUDGE, 476TH D.C.

Based on the review, the following was noted:

- The payment request was signed and included a certification by the Hidalgo County Tax Assessor/Collector that the "payment represents 15% of the delinquent taxes and penalty and interest collections for the month of March 2024."
- Although DTA fees for 116 tax accounts were not collected at the 15% rate specified in the contract; we concluded that the differences in rates were attributed to tax deferrals (113 tax accounts) and small amounts (3 tax accounts) (see Exhibit A).
- The total amount of DTA fees collected on the "Hidalgo County Tax Office Collection Reports" for the month of March 2024 agreed to the amount transferred to the Hidalgo County Treasurer's Office.

If you have any questions please contact Francisco Saenz, Internal Auditor IV, at (956) 318-2511, ext. 4667, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

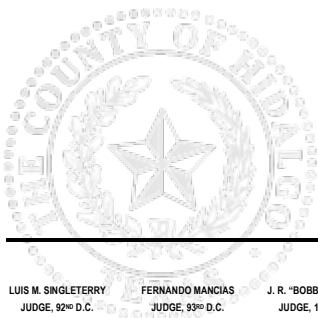
Respectfully,



Letty Chavez
County Auditor

Enclosure: Exhibit A

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



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. 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. YSMAEL FONSECA JUDGE, 476TH D.C.

Exhibit A

	Tax Unit	Year	Account No.	Levy Paid	Penalty/Interest Paid	Subtotal Paid	Attorney Paid
1	1	2022	C47000007001000	0.18	0.05	0.23	0.04
2	1	2021	P717013035000700	826.96	246.71	1,073.67	153.81
3	1	2021	S354000000000100	170.11	48.76	218.87	31.13
4	1	2021	G855500000002100	146.75	38.64	185.39	25.97
5	1	2021	G855500000002100	146.75	38.64	185.39	25.97
6	1	2021	G855500000002100	55.11	14.51	69.62	9.75
7	1	2021	M550000095001204	49.09	12.93	62.02	8.69
8	1	2021	C980000002001402	44.49	11.53	56.02	7.88
9	1	2021	R065000009000700	32.65	9.93	42.58	6.12
10	1	2021	M490000000003000	24.24	7.66	31.90	4.62
11	1	2020	P717013035000700	797.70	333.70	1,131.40	162.73
12	1	2020	S100000015003000	88.66	32.44	121.10	16.89
13	1	2020	M418098000003600	36.91	12.21	49.12	6.70
14	1	2020	O39700000B000100	25.41	8.11	33.52	4.53
15	1	2020	O39700000B000100	19.85	6.25	26.10	3.54
16	1	2019	P717013035000700	773.39	416.34	1,189.73	171.69
17	1	2019	R106000000004700	27.75	12.03	39.78	5.41
18	1	2019	S295000000033750	17.75	8.21	25.96	3.59
19	1	2019	S397510000005000	5.45	2.82	8.27	1.18
20	1	2019	C153503000001700	0.47	0.30	0.77	0.11
21	1	2018	P717013035000700	123.79	81.49	205.28	29.71
22	1	2018	S252000000000300	121.30	55.09	176.39	22.74
23	1	2018	B403502000023600	49.30	28.72	78.02	10.87
24	1	2018	S252000000000300	44.61	20.26	64.87	8.36
25	1	2017	D600003000002000	251.50	186.95	438.45	62.62
26	1	2017	V380002010001000	9.20	4.69	13.89	1.74
27	1	2016	S073000000001500	90.40	66.45	156.85	21.15
28	1	2016	B040000000002000	36.95	29.11	66.06	9.15
29	1	2015	S095000002000400	47.92	35.38	83.30	10.64
30	1	2015	R510000007000500	16.02	10.07	26.09	3.00
31	1	2015	B040000000002000	7.96	7.22	15.18	2.11
32	1	2015	S073000000001500	4.63	3.96	8.59	1.17
33	1	2014	S170002062001500	650.39	459.07	1,109.46	120.97
34	1	2014	H045000099000600	92.45	77.74	170.19	21.77
35	1	2014	T625001000001000	63.93	49.54	113.47	14.00
36	1	2014	V089500000006500	49.52	33.96	83.48	8.76
37	1	2014	L526003000016500	32.87	24.62	57.49	6.75
38	1	2014	S265001000004100	15.71	12.37	28.08	3.49
39	1	2014	L020000000000900	10.54	11.28	21.82	3.10
40	1	2014	T210000239001530	2.66	1.90	4.56	0.50
41	1	2013	S170002062001500	766.13	632.70	1,398.83	156.29
42	1	2013	A210000052000600	224.44	179.36	403.80	43.09
43	1	2013	H045000099000600	43.28	41.58	84.86	10.97
44	1	2013	E540000048001600	26.60	25.72	52.32	6.79
45	1	2013	O210000005000035	21.84	16.80	38.64	3.90
46	1	2012	A210000052000600	35.91	33.00	68.91	7.54
47	1	2012	T580000000002903	32.67	27.64	60.31	5.78

48	1	2011	T210000236000211	92.94	103.71	196.65	24.40
49	1	2011	V180000005001000	79.41	85.43	164.84	19.41
50	1	2011	L335200000000100	79.49	81.81	161.30	17.77
51	1	2011	M059002000001100	70.31	66.73	137.04	13.18
52	1	2010	S004001000002900	149.89	171.74	321.63	35.97
53	1	2010	L335202000001500	174.47	178.39	352.86	32.19
54	1	2010	L007001000002800	43.19	47.90	91.09	9.65
55	1	2009	O270003000003100	36.29	39.86	76.15	6.70
56	1	2008	M015000062000401	16.11	22.58	38.69	4.57
57	1	2007	L314000000001500	110.92	151.13	262.05	25.46
58	1	2007	L045000024000002	76.29	105.48	181.77	18.20
59	1	2007	L205000035000500	97.33	122.89	220.22	17.96
60	1	2007	M475000002001600	7.04	9.38	16.42	1.51
61	1	2006	M583003000000200	153.51	207.61	361.12	29.01
62	1	2006	C005000000004905	66.95	105.05	172.00	19.18
63	1	2006	L685000000001200	49.87	75.59	125.46	13.09
64	1	2006	M1670000000005600	22.45	33.13	55.58	5.49
65	1	2006	C730000021000800	9.77	19.24	29.01	4.14
66	1	2006	C730000021000800	9.74	19.26	29.00	4.14
67	1	2005	M583003000000200	90.62	133.44	224.06	18.76
68	1	2005	S4770000000006600	11.95	20.24	32.19	3.66
69	1	2005	W230000052000300	8.05	13.79	21.84	2.54
70	1	2005	S4770000000006600	3.10	5.24	8.34	0.95
71	1	2005	R225001003001900	2.28	4.14	6.42	0.82
72	1	2004	B496504000032900	7.62	14.27	21.89	2.70
73	1	2004	B190016000000400	11.52	18.03	29.55	2.45
74	1	2004	W010000044001052	6.70	10.05	16.75	1.24
75	1	2003	M625500000000600	32.16	52.59	84.75	6.70
76	1	2003	M355000107001600	7.76	13.54	21.30	2.00
77	1	2002	S2400000000009511	62.46	109.41	171.87	14.15
78	1	2002	M625500000000600	12.39	21.75	34.14	2.81
79	1	2001	V370002004002100	98.03	194.34	292.37	28.67
80	1	2001	M040000003001900	22.98	55.04	78.02	10.76
81	1	2001	A210000044002300	7.80	18.87	26.67	3.70
82	1	2001	L605000000003732	11.57	22.94	34.51	3.38
83	1	2000	S165000000002100	37.22	90.52	127.74	17.14
84	1	2000	L025000010000000	10.59	27.67	38.26	5.41
85	1	2000	L605000000003732	16.44	34.57	51.01	5.10
86	1	1999	A210000043001800	102.39	233.37	335.76	36.25
87	1	1999	C745000000000800	14.29	34.05	48.34	5.72
88	1	1999	E540000002002100	12.52	26.30	38.82	3.43
89	1	1999	E540000002002100	-12.52	-26.30	-38.82	-3.43
90	1	1998	L319500000005800	1.12	2.97	4.09	0.55
91	1	1996	V380002003001400	25.71	65.39	91.10	9.37
92	1	1996	V380002003001400	15.43	39.23	54.66	5.62
93	1	1996	A080098000111600	3.14	9.45	12.59	1.76
94	1	1996	A080098000111600	2.62	7.87	10.49	1.47
95	1	1995	H120000095001700	10.30	29.46	39.76	4.86
96	1	1995	F345000156001200	11.96	29.57	41.53	3.55
97	1	1995	S144000000005100	5.74	15.53	21.27	2.31
98	1	1995	S144000000005100	5.74	15.53	21.27	2.31

99	1	1994	A080000000114909	16.70	49.96	66.66	8.25
100	1	1990	L670000007001400	4.90	16.41	21.31	2.51
101	1	1989	L670000007001400	17.84	61.90	79.74	9.45
102	1	1982	S120000000003100	2.30	10.65	12.95	1.83
103	17	1982	S120000000003100	0.35	1.59	1.94	0.27
104	1	2021	J015000000004900	184.18	49.57	233.75	32.88
105	1	2015	S295000000044745	741.41	473.88	1,215.29	142.35
106	1	2015	L136500000010300	28.52	21.38	49.90	6.42
107	1	2014	S295000000044745	741.41	562.85	1,304.26	155.70
108	1	2013	S295000000044745	741.41	651.82	1,393.23	169.04
109	1	2013	L025095127000002	0.42	0.55	0.97	0.14
110	1	2012	S295000000044745	741.41	740.79	1,482.20	182.39
111	1	2011	S295000000044745	741.41	829.76	1,571.17	195.73
112	1	2010	S295000000044745	741.41	918.73	1,660.14	209.08
113	1	2009	S295000000044745	741.41	1,007.70	1,749.11	222.42
114	1	2008	S295000000044745	720.87	1,066.28	1,787.15	229.24
115	1	2000	F51000000000704	29.90	69.55	99.45	12.29
116	1	1999	S170002025001601	11.65	25.91	37.56	3.83

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 13, 2023

The Honorable Toribio "Terry" Palacios, Criminal District Attorney
Hidalgo County Criminal District Attorney's Office
100 E. Cano, 2nd Floor
Edinburg, TX 78539

Ref: District Attorney's Office 2022 Equitable Sharing Agreement and Certification
Audit No. 2023-11

Dear Mr. Palacios:

We conducted a limited scope review of the District Attorney's Office Equitable Sharing Agreement and Certification for the year ended December 31, 2022. The objectives of the review were to determine if: 1.) revenues and expenditures reported on the Equitable Sharing Agreement and Certification agreed to those recorded in *Alio*, the County's financial accounting system; 2.) expenditures were permissible and incurred for law enforcement purposes pursuant to the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (*Guide*); and 3.) formal procedures to track equitably shared funds and tangible property have been developed as required by the *Guide*.

Executive Summary:

Based on the results of the review, we determined that all revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice and Treasury Fund agreed to those recorded in *Alio*. In addition, all expenditures from the Justice Fund and Treasury Fund were for permissible expenses incurred for law enforcement purposes.

Background:

The Equitable Sharing Program is a Department of Justice and a Department of the Treasury program designed to enhance cooperation among federal, state, and local law enforcement agencies through the sharing of proceeds resulting from federal forfeitures. In order to become eligible, state or local law enforcement agencies must submit the Equitable Sharing Agreement and Certification through the eShare portal. The submission of the Equitable Sharing Agreement and Certification is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request.

Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies

The Equitable Sharing Agreement and Certification binds its signatories to the statutes and guidelines that regulate the equitable sharing program and certifies that the agency (District Attorney's Office) will comply with said guidelines and statutes. The Equitable Sharing Agreement and Certification stipulates that shared

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

assets shall be used for law enforcement purposes as set forth in the *Guide*. The Equitable Sharing Agreement and Certification also stipulates that the District Attorney’s Office must agree to account separately for federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with federal equitable sharing funds. Actual signatures of approval are not required to be submitted along with the Equitable Sharing Report; however, the agency must obtain approval from the governing body. The fully executed Equitable Sharing Agreement must be maintained by the agency.

Equitable sharing funds may be used for any permissible agency expenditure and may be used by both sworn and non-sworn law enforcement personnel, with certain exceptions. The following are examples of permissible uses of equitable sharing funds: a) law enforcement operations and investigations; b) law enforcement training and education; c) law enforcement, public safety, and detention facilities; d) law enforcement equipment; e) joint law enforcement/public safety operations; f) contracts for services; g) law enforcement travel and per diem; h) law enforcement awards and memorials; i) drug, gang, and other prevention or awareness programs; j) matching grants; and k) support of community-based organizations. The use of Department of Treasury funds to support community-based organizations is prohibited.

Equitable sharing funds may not be used to pay the salaries and benefits of sworn or non-sworn law enforcement personnel. However, equitable sharing funds may be used to pay salaries and benefits of current law enforcement officers and personnel in the following limited situations: 1) matching federal grants; 2) overtime; 3) federal task force replacement salary; and 4) specialized programs.

Participating law enforcement agencies must implement accounting procedures and internal controls that are consistent with the *Guide* to track equitably shared funds and tangible property. At any time, the Department of Justice or the Department of the Treasury may request documents related to equitable sharing. The District Attorney’s Office has developed formal monitoring procedures to fulfill the requirement as set forth by the *Guide*.

District Attorney’s Office Policy for Approved Use of Forfeited Funds

The District Attorney’s Office is responsible for the administration and expenditure of forfeited funds, will ensure that forfeited funds are used only for authorized purposes, and comply with policy and any applicable state and federal legal requirements for the approved use of forfeited funds. Forfeited funds may be used only for approved statutory purposes and as budgeted and approved by the Hidalgo County Commissioner’s Court.

Any forfeited funds received by the District Attorney’s Office through the Equitable Sharing of Federally Forfeited Property shall be administered in accordance with applicable state and federal law and U.S. Department of Justice or U.S. Department of the Treasury guidelines as appropriate.

Unless otherwise required by law or by order of a court, all forfeited money, financial instruments including but not limited to securities, negotiable instruments, stocks, or bonds, or things of value or funds from the sale of those items, shall be deposited to the appropriate Hidalgo County Special Revenue Account designated for such purposes, and thereafter expended only for law enforcement purposes in accordance with state law and any applicable federal guidelines. Forfeited funds must be administered in accordance with accepted accounting practices and in accordance with the provisions of any local agreement regarding the sharing and use of forfeited funds entered into between the attorney representing the state and law enforcement agencies. Failure to properly account for, administer, or expend forfeited funds could result in disciplinary action, up to and including termination, and could result in civil or criminal penalties.

HIDALGO COUNTY DISTRICT JUDGES

All requests for the expenditure of forfeited funds must be documented and approved by the Hidalgo County Commissioners' Court. All requests must document a detailed list of categories for expenditure; include backup information for expenditure, if required; be reviewed to ensure the proposed use of funds complies with applicable state and federal requirements regarding the use of forfeited funds; and be reviewed to ensure that the use of forfeited funds supports the District Attorney's Office strategic plan.

Scope and Methodology:

The scope was limited to a review of the revenues and expenditures reported on the District Attorney's Office Equitable Sharing Agreement and Certification for the year ended December 31, 2022. Our review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this letter may not be all-inclusive of areas where improvement could be made.

More specifically, the following procedures were performed:

1. Generated revenue and expenditure reports from *Alio* for the District Attorney's Office Justice and Treasury Funds and compared the reports to the Equitable Sharing Agreement and Certification to determine whether the revenues and expenditures reported agreed to those recorded in *Alio*.
2. Reviewed all expenditures from the District Attorney's Office Justice and Treasury Funds to determine if the expenditures were incurred for law enforcement purposes pursuant to the *Guide*.

Conclusion:

Based on the results of the review, we determined that all revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice and Treasury Funds agreed to those recorded in *Alio*. In addition, all expenditures from the Justice Fund and Treasury Fund were for permissible expenses incurred for law enforcement purposes.

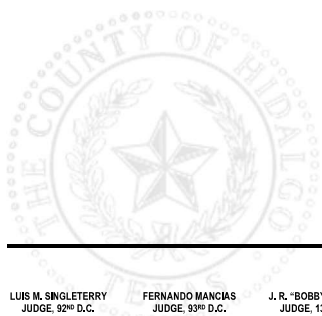
If you have any questions, please contact Corina Martinez, Compliance Audit Supervisor, at 318-2511 ext. 4656, Reynaldo Cantu, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
Interim County Auditor

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



HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO

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



November 13, 2023

The Honorable J.E. "Eddie" Guerra, Sheriff
Hidalgo County Sheriff's Office
711 El Cíbolo Rd.
Edinburg, TX 78539

Ref: Sheriff's Office 2022 Equitable Sharing Agreement and Certification
Audit No. 2023-12

Dear Sheriff Guerra:

We conducted a limited scope review of the Sheriff's Office Equitable Sharing Agreement and Certification for the year ended December 31, 2022. The objectives of the review were to determine if: 1.) revenues and expenditures reported on the Equitable Sharing Agreement and Certification agreed to those recorded in *Alio*, the County's financial accounting system; 2.) expenditures were permissible and incurred for law enforcement purposes pursuant to the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (*Guide*); and 3.) formal procedures to track equitably shared funds and tangible property have been developed as required by the *Guide*.

Executive Summary:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *Alio* and expenditures from the Justice and Treasury Funds were for permissible expenses incurred for law enforcement purposes. However, formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

Background:

The Equitable Sharing Program is a Department of Justice and a Department of the Treasury program designed to enhance cooperation among federal, state, and local law enforcement agencies through the sharing of proceeds resulting from Federal forfeitures. In order to become eligible, state or local law enforcement agencies must submit the Equitable Sharing Agreement and Certification through the eShare portal. The submission of the Equitable Sharing Agreement and Certification is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request.

Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies

The Equitable Sharing Agreement and Certification binds its signatories to the statutes and guidelines that regulate the equitable sharing program and certifies that the agency (Sheriff's Office) will comply with said

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

guidelines and statutes. The Equitable Sharing Agreement and Certification stipulates that shared assets shall be used for law enforcement purposes as set forth in the *Guide*. The Equitable Sharing Agreement and Certification also stipulates that the Sheriff's Office must agree to account separately for Federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with federal equitable sharing funds. Actual signatures of approval are not required to be submitted along with the Equitable Sharing Report; however, the agency must obtain approval from the governing body. The fully executed Equitable Sharing Agreement must be maintained by the agency.

Equitable sharing funds may be used for any permissible agency expenditure and may be used by both sworn and non-sworn law enforcement personnel, with certain exceptions. The following are examples of permissible uses of equitable sharing funds: a) law enforcement operations and investigations; b) law enforcement training and education; c) law enforcement, public safety, and detention facilities; d) law enforcement equipment; e) joint law enforcement/public safety operations; f) contracts for services; g) law enforcement travel and per diem; h) law enforcement awards and memorials; i) drug, gang, and other prevention or awareness programs; j) matching grants; and k) support of community-based organizations. The use of Department of Treasury funds to support community-based organizations is prohibited.

Equitable sharing funds may not be used to pay the salaries and benefits of sworn or non-sworn law enforcement personnel. However, equitable sharing funds may be used to pay salaries and benefits of current law enforcement officers and personnel in the following limited situations: 1) matching federal grants; 2) overtime; 3) federal task force replacement salary; and 4) specialized programs.

Participating law enforcement agencies must implement accounting procedures and internal controls that are consistent with the *Guide* to track equitably shared funds and tangible property. At any time, the Department of Justice or the Department of the Treasury may request documents related to equitable sharing.

Scope and Methodology:

The scope was limited to a review of the revenues and expenditures reported on the Sheriff's Equitable Sharing Agreement and Certification for the year ended December 31, 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 letter may not be all-inclusive of areas where improvement could be made.

More specifically, the following procedures were performed:

1. Generated revenue and expenditure reports from *Alio* for the Sheriff's Justice and Treasury funds and compared the reports to the Equitable Sharing Agreement and Certification to determine whether the revenues and expenditures reported agreed to those recorded in *Alio*.
2. Reviewed all expenditures from the Sheriff's Justice and Treasury funds to determine if the expenditures were incurred for law enforcement purposes pursuant to the *Guide*.
3. Requested written policies and procedures governing the Sheriff's Justice and Treasury funds.

Conclusion:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *Alio* and expenditures from the Justice and Treasury Funds were for permissible expenses incurred for law enforcement purposes. However, formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

HIDALGO COUNTY DISTRICT JUDGES

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

Observation No. 1:

Formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

Pursuant to the *Guide*, Section VI, participating law enforcement agencies must implement accounting procedures consistent with the *Guide* to track equitably shared funds and tangible property.

At any time, the Department of Justice and the Department of Treasury may request documents related to equitable sharing; therefore, failure to ensure that the Sheriff's Office develops and implements accounting procedures consistent with the *Guide* to track equitably shared funds and tangible property may result in the inability to participate in the equitable sharing program.

Recommendation:

Management should develop and implement formal procedures to track equitably shared funds and tangible property. At a minimum, procedures developed should be consistent with the *Guide* (see page 21, Section VI).

Please provide a management response to the observation above by November 27, 2023. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions, please contact Corina Martinez, Compliance Audit Supervisor, at 318-2511 ext. 4656, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

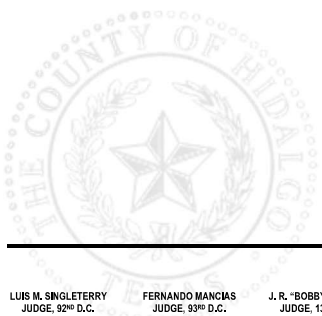
Respectfully,



Linda Fong, CPFO
Interim County Auditor

Enclosure: Management Response Form

cc: The Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Ms. Myra Montoya, Budget Manager II, Sheriff's Office



HIDALGO COUNTY DISTRICT JUDGES



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

AUDITEE:	<u>The Honorable J.E. "Eddie" Guerra, Sheriff</u>	AUDIT NO.:	<u>2023-12</u>
AUDIT:	<u>2022 Equitable Sharing Agreement and Certification</u>	MANAGEMENT RESPONSE DUE:	<u>November 27, 2023</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

Management should develop and implement formal procedures to track equitably shared funds and tangible property. At a minimum, procedures developed should be consistent with the Guide (see page 21, Section VI).

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO

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



October 30, 2023

The Honorable Celestino Avila, Constable
Hidalgo County Precinct No. 1
1902 Joe Stephens Blvd., Suite 303
Weslaco, TX 78539

Ref: Constable Precinct No. 1 2022 Equitable Sharing Agreement and Certification
Audit No. 2023-13

Dear Constable Avila:

We conducted a limited scope review of the Constable Precinct No. 1 Equitable Sharing Agreement and Certification for the year ended December 31, 2022. The objectives of the review were to determine if: 1.) revenues and expenditures reported on the Equitable Sharing Agreement and Certification agreed to those recorded in *Alio*, the County's financial accounting system; 2.) expenditures were permissible and incurred for law enforcement purposes pursuant to the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (*Guide*); and 3.) formal procedures to track equitably shared funds and tangible property have been developed as required by the *Guide*.

Executive Summary:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *Alio*. There were no revenues received to and expenditures incurred from the Constable's Treasury Fund. In addition, no expenditures were incurred from the Constable's Justice Fund. However, formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

Background:

The Equitable Sharing Program is a Department of Justice and a Department of the Treasury program designed to enhance cooperation among federal, state, and local law enforcement agencies through the sharing of proceeds resulting from Federal forfeitures. In order to become eligible, state or local law enforcement agencies must submit the Equitable Sharing Agreement and Certification through the eShare portal. The submission of the Equitable Sharing Agreement and Certification is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request.

Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies

The Equitable Sharing Agreement and Certification binds its signatories to the statutes and guidelines that regulate the equitable sharing program and certifies that the agency (Constable Precinct No. 1) will comply

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

with said guidelines and statutes. The Equitable Sharing Agreement and Certification stipulates that shared assets shall be used for law enforcement purposes as set forth in the *Guide*. The Equitable Sharing Agreement and Certification also stipulates that Constable Precinct No. 1 must agree to separately account for Federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with Federal equitable sharing funds. Actual signatures of approval are not required to be submitted along with the Equitable Sharing Report; however, the agency must obtain approval from the governing body. The fully executed Equitable Sharing Agreement must be maintained by the agency.

Equitable sharing funds may be used for any permissible agency expenditure and may be used by both sworn and non-sworn law enforcement personnel, with certain exceptions. The following are examples of permissible uses of equitable sharing funds: a) law enforcement operations and investigations; b) law enforcement training and education; c) law enforcement, public safety, and detention facilities; d) law enforcement equipment; e) joint law enforcement/public safety operations; f) contracts for services; g) law enforcement travel and per diem; h) law enforcement awards and memorials; i) drug, gang, and other prevention or awareness programs; j) matching grants; and k) support of community-based organizations. This community-based organization provision does not apply to Department of the Treasury equitable sharing funds; therefore, agencies may not use Department of the Treasury funds to support community-based organizations.

Equitable sharing funds may not be used to pay the salaries and benefits of sworn or non-sworn law enforcement personnel. However, equitable sharing funds may be used to pay salaries and benefits of current law enforcement officers and personnel in the following limited situations: 1) matching federal grants; 2) overtime; 3) federal task force replacement salary; and 4) specialized programs.

Participating law enforcement agencies must implement accounting procedures and internal controls that are consistent with the *Guide* to track equitably shared funds and tangible property. At any time, the Department of Justice or the Department of the Treasury may request documents related to equitable sharing.

Scope and Methodology:

The scope was limited to a review of the revenues and expenditures reported on the Constable Precinct No. 1 Equitable Sharing Agreement and Certification for the year ended December 31, 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 letter may not be all-inclusive of areas where improvement could be made.

More specifically, the following procedures were performed:

1. Generated revenue and expenditure reports from *Alio* for Constable's Justice and Treasury funds and compared the reports to the Equitable Sharing Agreement and Certification to determine whether the revenues and expenditures reported agreed to those recorded in *Alio*.
2. Reviewed all expenditures from the Constable's Justice and Treasury funds to determine if the expenditures were incurred for law enforcement purposes pursuant to the *Guide*.
3. Requested written policies and procedures governing Constable's Justice and Treasury funds.

Conclusion:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *Alio*. There were no revenues received to and expenditures incurred from the Constable's

HIDALGO COUNTY DISTRICT JUDGES

Treasury Fund. In addition, no expenditures were incurred from the Constable's Justice Fund. However, formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

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

Observation No. 1:

Formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

Pursuant to the *Guide*, Section VI, participating law enforcement agencies must implement accounting procedures consistent with the *Guide* to track equitably shared funds and tangible property.

At any time, the Department of Justice and the Department of Treasury may request documents related to equitable sharing; therefore, failure to ensure that Constable Precinct No. 1 develops and implements accounting procedures consistent with the *Guide* to track equitably shared funds and tangible property may result in the inability to participate in the equitable sharing program.

Recommendation:

Management should develop and implement formal procedures to track equitably shared funds and tangible property. At a minimum, procedures developed should be consistent with the *Guide* (see page 21, Section VI).

Please provide a management response to the observation noted above by November 14, 2023. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions, please contact Corina Martinez, Compliance Audit Supervisor, at 318-2511 ext. 4656, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

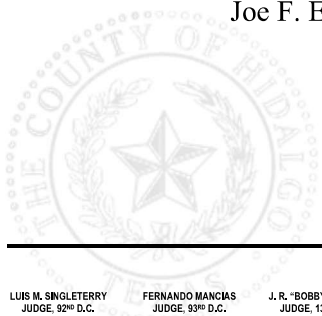
Respectfully,



Linda Fong, CPFO
Interim County Auditor

Enclosures: Management Response Form

cc: Honorable Richard Cortez, County Judge
Valde Guerra, County Executive Officer
Joe F. Espinosa, Chief Deputy Constable, Precinct No. 1



HIDALGO COUNTY DISTRICT JUDGES



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

AUDITEE:	<u>The Honorable Celestino Avila, Constable</u>	AUDIT NO.:	<u>2023-13</u>
AUDIT:	<u>2022 Equitable Sharing Agreement and Certification</u>	MANAGEMENT RESPONSE DUE:	<u>November 14, 2023</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

Management should develop and implement formal procedures to track equitably shared funds and tangible property. At a minimum, procedures developed should be consistent with the Guide (see page 21, Section VI).

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO



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

October 30, 2023

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

Re: Constable Precinct No. 2 2022 Equitable Sharing Agreement and Certification
Audit No. 2023-14

Dear Constable Cantu:

We conducted a limited scope review of the Constable Precinct No. 2 Equitable Sharing Agreement and Certification for the year ended December 31, 2022. The objectives of the review were to determine if: 1.) revenues and expenditures reported on the Equitable Sharing Agreement and Certification agreed to those recorded in *Alio*, the County's financial accounting system; 2.) expenditures were permissible and incurred for law enforcement purposes pursuant to the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (*Guide*); and 3.) formal procedures to track equitably shared funds and tangible property have been developed as required by the *Guide*.

Executive Summary:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *Alio*. There were no revenues received to and expenditures incurred from the Constable's Justice and Treasury Funds. However, formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

Background:

The Equitable Sharing Program is a Department of Justice and a Department of the Treasury program designed to enhance cooperation among federal, state, and local law enforcement agencies through the sharing of proceeds resulting from Federal forfeitures. In order to become eligible, state or local law enforcement agencies must submit the Equitable Sharing Agreement and Certification through the eShare portal. The submission of the Equitable Sharing Agreement and Certification is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 93 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.	YSMAEL FONSECA JUDGE, 476 th D.C.
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Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies

The Equitable Sharing Agreement and Certification binds its signatories to the statutes and guidelines that regulate the equitable sharing program and certifies that the agency (Constable Precinct No. 2) will comply with said guidelines and statutes. The Equitable Sharing Agreement and Certification stipulates that shared assets shall be used for law enforcement purposes as set forth in the *Guide*. The Equitable Sharing Agreement and Certification also stipulates that Constable Precinct No. 2 must agree to separately account for Federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with Federal equitable sharing funds. Actual signatures of approval are not required to be submitted along with the Equitable Sharing Report; however, the agency must obtain approval from the governing body. The fully executed Equitable Sharing Agreement must be maintained by the agency.

Equitable sharing funds may be used for any permissible agency expenditure and may be used by both sworn and non-sworn law enforcement personnel, with certain exceptions. The following are examples of permissible uses of equitable sharing funds: a) law enforcement operations and investigations; b) law enforcement training and education; c) law enforcement, public safety, and detention facilities; d) law enforcement equipment; e) joint law enforcement/public safety operations; f) contracts for services; g) law enforcement travel and per diem; h) law enforcement awards and memorials; i) drug, gang, and other prevention or awareness programs; j) matching grants; and k) support of community-based organizations. This community-based organization provision does not apply to the Department of the Treasury equitable sharing funds; therefore, agencies may not use Department of the Treasury funds to support community-based organizations.

Equitable sharing funds may not be used to pay the salaries and benefits of sworn or non-sworn law enforcement personnel. However, equitable sharing funds may be used to pay salaries and benefits of current law enforcement officers and personnel in the following limited situations: 1) matching federal grants; 2) overtime; 3) federal task force replacement salary; and 4) specialized programs.

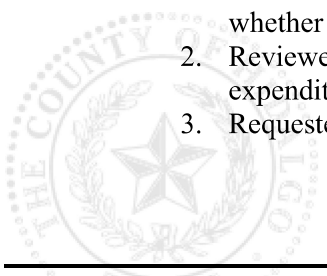
Participating law enforcement agencies must implement accounting procedures and internal controls that are consistent with the guidelines to track equitably shared funds and tangible property. At any time, the Department of Justice or the Department of the Treasury may request documents related to equitable sharing.

Scope and Methodology:

The scope was limited to a review of the revenues and expenditures reported on the Constable's Equitable Sharing Agreement and Certification for the year ended December 31, 2022. The review was not designated nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this letter may not be all-inclusive of areas where improvement could be made.

More specifically, the following procedures were performed:

1. Generated revenue and expenditure reports from *Alio* for the Constable's Justice and Treasury Funds and compared the reports to the Equitable Sharing Agreement and Certification to determine whether the revenues and expenditures reported agreed to those recorded in *Alio*.
2. Reviewed all expenditures from the Constable's Justice and Treasury Funds to determine if the expenditures were incurred for law enforcement purposes pursuant to the *Guide*.
3. Requested written policies and procedures governing the Constable's Justice and Treasury funds.



HIDALGO COUNTY DISTRICT JUDGES

Conclusion:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *Alio*. There were no revenues received to and expenditures incurred from the Constable's Justice and Treasury Funds. However, formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

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:

Formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

Pursuant to the *Guide*, Section VI, participating law enforcement agencies must implement accounting procedures consistent with the *Guide* to track equitably shared funds and tangible property.

At any time, the Department of Justice and the Department of the Treasury may request documents related to equitable sharing; therefore, failure to ensure that Constable Precinct No. 2 develops and implements accounting procedures consistent with the *Guide* to track equitably shared funds and tangible property may result in the inability to participate in the equitable sharing program.

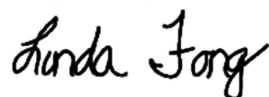
Recommendation:

Management should develop and implement formal procedures to track equitably shared funds and tangible property. At a minimum, procedures developed should be consistent with the *Guide* (see page 21, Section VI).

Please provide a management response to the observation above by November 14, 2023. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions, please contact Corina Martinez, Compliance Audit Supervisor, at 318-2511 ext. 4656, Reynaldo 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

Enclosures: Management Response Form

cc: Honorable Richard F. Cortez, County Judge
Valde Guerra, County Executive Officer
Armando Campos, Chief Constable Deputy, Precinct No. 2

HIDALGO COUNTY DISTRICT JUDGES



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

AUDITEE:	<u>The Honorable Martin Cantu, Constable</u>	AUDIT NO.:	<u>2023-14</u>
AUDIT:	<u>2022 Equitable Sharing Agreement and Certification</u>	MANAGEMENT RESPONSE DUE:	<u>November 14, 2023</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

Management should develop and implement formal procedures to track equitably shared funds and tangible property. At a minimum, procedures developed should be consistent with the Guide (see page 21, Section VI).

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO



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

October 30, 2023

The Honorable Lazaro Gallardo, Constable
Hidalgo County Constable Precinct No. 3
730 N. Breyfogle Ste. B
Mission, TX 78572

Re: Constable Precinct No. 3 2022 Equitable Sharing Agreement and Certification
Audit No. 2023-15

Dear Constable Gallardo:

We conducted a limited scope review of the Constable Precinct No. 3 Equitable Sharing Agreement and Certification for the year ended December 31, 2022. The objectives of the review were to determine if: 1.) revenues and expenditures reported on the Equitable Sharing Agreement and Certification agreed to those recorded in *Alio*, the County's financial accounting system; 2.) expenditures were permissible and incurred for law enforcement purposes pursuant to the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (Guide); and 3.) formal procedures to track equitably shared funds and tangible property have been developed as required by the Guide.

Executive Summary:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *Alio*. Expenditures from the Justice Fund and Treasury Fund were for permissible expenses incurred for law enforcement purposes. However, formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

Background:

The Equitable Sharing Program is a Department of Justice and a Department of the Treasury program designed to enhance cooperation among federal, state, and local law enforcement agencies through the sharing of proceeds resulting from federal forfeitures. In order to become eligible, state or local law enforcement agencies must submit the Equitable Sharing Agreement and Certification through the eShare portal. The submission of the Equitable Sharing Agreement and Certification is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies

The Equitable Sharing Agreement and Certification binds its signatories to the statutes and guidelines that regulate the equitable sharing program and certifies that the agency (Constable Precinct No. 3) will comply with said guidelines and statutes. The Equitable Sharing Agreement and Certification stipulates that shared assets shall be used for law enforcement purposes as set forth in the Guide. The Equitable Sharing Agreement and Certification also stipulates that Constable Precinct No. 3 must agree to separately account for federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with federal equitable sharing funds. Actual local signatures of approval are not required to be submitted along with the Equitable Sharing Report; however, the agency must obtain approval from the governing body. The fully executed Equitable Sharing Agreement must be maintained by the agency.

Equitable sharing funds may be used for any permissible agency expenditure and may be used by both sworn and non-sworn law enforcement personnel, with certain exceptions. The following are examples of permissible uses of equitable sharing funds: a) law enforcement operations and investigations; b) law enforcement training and education; c) law enforcement, public safety, and detention facilities; d) law enforcement equipment; e) joint law enforcement/public safety operations; f) contracts for services; g) law enforcement travel and per diem; h) law enforcement awards and memorials; i) drug, gang, and other prevention or awareness programs; j) matching grants; and k) support of community-based organizations. This community-based organization provision does not apply to the Department of Treasury equitable sharing funds; therefore, agencies may not use Department of the Treasury funds to support community-based organizations.

Equitable sharing funds may not be used to pay the salaries and benefits of sworn or non-sworn law enforcement personnel. However, equitable sharing funds may be used to pay salaries and benefits of current law enforcement officers and personnel in the following limited situations: 1) matching federal grants; 2) overtime; 3) federal task force replacement salary; and 4) specialized programs.

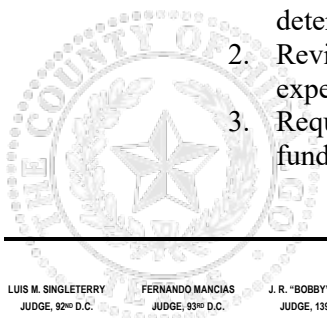
Participating law enforcement agencies must implement accounting procedures and internal controls that are consistent with the guidelines to track equitably shared funds and tangible property. At any time, the Department of Justice or the Department of the Treasury may request documents related to equitable sharing.

Scope and Methodology:

The scope was limited to a review of the revenues and expenditures reported on the Constable's Equitable Sharing Agreement and Certification for the year ended December 31, 2022. The review was not designated nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this letter may not be all-inclusive of areas where improvement could be made.

More specifically, the following procedures were performed:

1. Generated revenue and expenditure reports from *Alio* for the Constable's Justice and Treasury Funds and compared the reports to the Equitable Sharing Agreement and Certification to determine whether the revenues and expenditures reported agreed to those recorded in *Alio*.
2. Reviewed all expenditures from the Constable's Justice and Treasury Funds to determine if the expenditures were incurred for law enforcement purposes pursuant to the *Guide*.
3. Requested written policies and procedures governing the Constable's Justice and Treasury funds.



HIDALGO COUNTY DISTRICT JUDGES

Conclusion:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *Alio*. Expenditures from the Justice Fund and Treasury Fund were for permissible expenses incurred for law enforcement purposes. However, formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

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:

Formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

Pursuant to the *Guide*, Section VI, participating law enforcement agencies must implement accounting procedures consistent with the *Guide* to track equitably shared funds and tangible property.

At any time, the Department of Justice and the Department of Treasury may request documents related to equitable sharing; therefore, failure to ensure that Constable Precinct No. 3 develops and implements accounting procedures consistent with the *Guide* to track equitably shared funds and tangible property may result in the inability to participate in the equitable sharing program.

Recommendation:

Management should develop and implement formal procedures to track equitably shared funds and tangible property. At a minimum, procedures developed should be consistent with the *Guide* (see page 21, Section VI).

Please provide a management response to the observation above by November 14, 2023. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

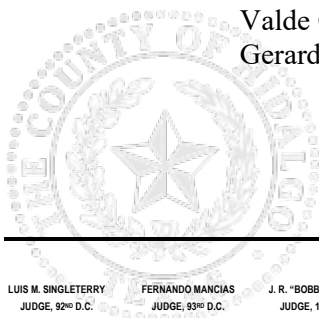
If you have any questions, please contact Corina Martinez, Compliance Audit Supervisor, at 318-2511 ext. 4656, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
Interim County Auditor

cc: Honorable Richard Cortez, County Judge
Valde Guerra, County Executive Officer
Gerardo Zamora, Chief Constable Deputy, Precinct No. 3



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92nd D.C. FERNANDO MANCIAS JUDGE, 93rd D.C. J. R. "BOBBY" FLORES JUDGE, 139th D.C. ROSE GUERRA REYNA JUDGE, 206th D.C. MARLA CUELLAR JUDGE, 275th D.C. MARIO E. RAMIREZ, JR. JUDGE, 332nd D.C. NOE GONZALEZ JUDGE, 370th D.C. 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. YSMAEL FONSECA JUDGE, 476th D.C.



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

AUDITEE:	<u>The Honorable Lazaro Gallardo, Constable</u>	AUDIT NO.:	<u>2023-15</u>
AUDIT:	<u>2022 Equitable Sharing Agreement and Certification</u>	MANAGEMENT RESPONSE DUE:	<u>November 14, 2023</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

Management should develop and implement formal procedures to track equitably shared funds and tangible property. At a minimum, procedures developed should be consistent with the Guide (see page 21, Section VI).

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO



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

October 30, 2023

The Honorable Atanacio "J.R." Gaitan, Constable
Hidalgo County Constable Precinct No. 4
1212 S. 25th Ave. Suite B
Edinburg, TX 78542

Ref: Constable Precinct No. 4 2022 Equitable Sharing Agreement and Certification
Audit No. 2023-16

Dear Constable Gaitan:

We conducted a limited scope review of the Constable Precinct No. 4 Equitable Sharing Agreement and Certification for the year ended December 31, 2022. The objectives of the review were to determine if: 1.) revenues and expenditures reported on the Equitable Sharing Agreement and Certification agreed to those recorded in *Alio*, the County's financial accounting system; 2.) expenditures were permissible and incurred for law enforcement purposes pursuant to the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (*Guide*); and 3.) formal procedures to track equitably shared funds and tangible property have been developed as required by the *Guide*.

Executive Summary:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *Alio*. No expenditures were incurred from the Constable's Justice and Treasury Funds. However, formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

Background:

The Equitable Sharing Program is a Department of Justice and a Department of the Treasury program designed to enhance cooperation among federal, state, and local law enforcement agencies through the sharing of proceeds resulting from federal forfeitures. In order to become eligible, state or local law enforcement agencies must submit the Equitable Sharing Agreement and Certification through the eShare portal. The submission of the Equitable Sharing Agreement and Certification is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 93 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.	YSMAEL FONSECA JUDGE, 476 th D.C.
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Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies

The Equitable Sharing Agreement and Certification binds its signatories to the statutes and guidelines that regulate the equitable sharing program and certifies that the agency (Constable Precinct No. 4) will comply with said guidelines and statutes. The Equitable Sharing Agreement and Certification stipulates that shared assets shall be used for law enforcement purposes as set forth in the *Guide*. The Equitable Sharing Agreement and Certification also stipulates that Constable Precinct No. 4 must agree to separately account for federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with federal equitable sharing funds. Actual signatures of approval are not required to be submitted along with the Equitable Sharing Report; however, the agency must obtain approval from the governing body. The fully executed Equitable Sharing Agreement must be maintained by the agency.

Equitable sharing funds may be used for any permissible agency expenditure and may be used by both sworn and non-sworn law enforcement personnel, with certain exceptions. The following are examples of permissible uses of equitable sharing funds: a) law enforcement operations and investigations; b) law enforcement training and education; c) law enforcement, public safety, and detention facilities; d) law enforcement equipment; e) joint law enforcement/public safety operations; f) contracts for services; g) law enforcement travel and per diem; h) law enforcement awards and memorials; i) drug, gang, and other prevention or awareness programs; j) matching grants; and k) support of community-based organizations. This community-based organization provision does not apply to the Department of the Treasury equitable sharing funds; therefore, agencies may not use Department of the Treasury funds to support community-based organizations.

Equitable sharing funds may not be used to pay the salaries and benefits of sworn or non-sworn law enforcement personnel. However, equitable sharing funds may be used to pay salaries and benefits of current law enforcement officers and personnel in the following limited situations: 1) matching federal grants; 2) overtime; 3) federal task force replacement salary; and 4) specialized programs.

Participating law enforcement agencies must implement accounting procedures and internal controls that are consistent with the guidelines to track equitably shared funds and tangible property. At any time, the Department of Justice or the Department of the Treasury may request documents related to equitable sharing.

Scope and Methodology:

The scope was limited to a review of the revenues and expenditures reported on the Constable's Equitable Sharing Agreement and Certification for the year ended December 31, 2022. The review was not designated nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this letter may not be all-inclusive of areas where improvement could be made.

More specifically, the following procedures were performed:

1. Generated revenue and expenditure reports from *Alio* for the Constable's Justice and Treasury Funds and compared the reports to the Equitable Sharing Agreement and Certification to determine whether the revenues and expenditures reported agreed to those recorded in *Alio*.
2. Reviewed all expenditures from the Constable's Justice and Treasury Funds to determine if the expenditures were incurred for law enforcement purposes pursuant to the *Guide*.
3. Requested written policies and procedures governing the Constable's Justice and Treasury funds.

HIDALGO COUNTY DISTRICT JUDGES

Conclusion:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *Alio*. No expenditures were incurred from the Constable's Justice and Treasury Funds. However, formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

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 lost from unauthorized use or theft, and that transactions are executed in accordance with management's authorization and recorded properly.

Observation No. 1:

Formal procedures to track equitably shared funds and tangible property have not been developed as required by the *Guide*.

Pursuant to the *Guide*, Section VI, participating law enforcement agencies must implement accounting procedures consistent with the *Guide* to track equitably shared funds and tangible property.

At any time, the Department of Justice and the Department of the Treasury may request documents related to equitable sharing; therefore, failure to ensure that Constable Precinct No. 4 develops and implements accounting procedures consistent with the *Guide* to track equitably shared funds and tangible property may result in the inability to participate in the equitable sharing program.


Recommendation:

Management should develop and implement formal procedures to track equitably shared funds and tangible property. At a minimum, procedures developed should be consistent with the *Guide* (see page 21, Section VI).

Please provide a management response to the observation above by November 14, 2023. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions, please contact Corina Martinez, Compliance Audit Supervisor, at 318-2511, ext. 4656, Reynaldo 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 Form

cc: Honorable Richard Cortez, County Judge
Valde Guerra, County Executive Officer
Horaldo Sanchez, Chief Constable Deputy, Precinct No. 4

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92nd D.C. FERNANDO MANCIAS JUDGE, 93rd D.C. J. R. "BOBBY" FLORES JUDGE, 139th D.C. ROSE GUERRA REYNA JUDGE, 206th D.C. MARLA CUELLAR JUDGE, 275th D.C. 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. YSMAEL FONSECA JUDGE, 476th D.C.



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

AUDITEE:	<u>The Honorable Atanacio "J.R." Gaitan, Constable</u>	AUDIT NO.:	<u>2023-16</u>
AUDIT:	<u>2022 Equitable Sharing Agreement and Certification</u>	MANAGEMENT RESPONSE DUE:	<u>November 14, 2023</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

Management should develop and implement formal procedures to track equitably shared funds and tangible property. At a minimum, procedures developed should be consistent with the Guide (see page 21, Section VI).

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
Hidalgo County Administration Building
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WEBSITE: www.co.hidalgo.tx.us/auditor



EDINBURG, TEXAS 78539

April 10, 2024

The Honorable Toribio “Terry” Palacios, Criminal District Attorney
Hidalgo County Criminal District Attorney’s Office
100 E. Cano, 2nd Floor
Edinburg, TX 78539

Ref: District Attorney’s Office 2023 Equitable Sharing Agreement and Certification
Audit No. 2024-11

Dear Mr. Palacios:

We conducted a limited scope review of the District Attorney’s Office Equitable Sharing Agreement and Certification for the year ended December 31, 2023. The objectives of the review were to determine if: 1.) revenues and expenditures reported on the Equitable Sharing Agreement and Certification agreed to those recorded in *LINQ*, the County’s financial accounting system; and 2.) expenditures were permissible and incurred for law enforcement purposes pursuant to the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (*Guide*).

Executive Summary:

Based on the results of the review, we determined that all revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice and Treasury Fund agreed to those recorded in *LINQ*. In addition, all expenditures from the Justice Fund and Treasury Fund were for permissible expenses incurred for law enforcement purposes.

Background:

The Equitable Sharing Program is a Department of Justice and a Department of Treasury program designed to enhance cooperation among federal, state, and local law enforcement agencies through the sharing of proceeds resulting from federal forfeitures. In order to become eligible, state or local law enforcement agencies must submit the Equitable Sharing Agreement and Certification through the eShare portal. The submission of the Equitable Sharing Agreement and Certification is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request.

Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies

The Equitable Sharing Agreement and Certification binds its signatories to the statutes and guidelines that regulate the equitable sharing program and certifies that the agency (District Attorney’s Office) will comply with said guidelines and statutes. The Equitable Sharing Agreement and Certification stipulates that shared assets shall be used for law enforcement purposes as set forth in the *Guide*. The Equitable Sharing Agreement and Certification also stipulates that the District Attorney’s Office must agree to account separately for Federal equitable sharing funds received from the Department of Justice and the Department of Treasury. Funds from state and local forfeitures and other sources must not be commingled with Federal equitable sharing funds. Actual signatures of approval are not required to be submitted along with the Equitable Sharing Report;

HIDALGO COUNTY DISTRICT JUDGES

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however, the agencies must obtain approval from the governing body. The fully executed Equitable Sharing Agreement must be maintained by the agency.

Equitable sharing funds may be used for any permissible agency expenditure and may be used by both sworn and non-sworn law enforcement personnel, with certain exceptions. The following are examples of permissible uses of equitable sharing funds: a) law enforcement operations and investigations; b) law enforcement training and education; c) law enforcement, public safety, and detention facilities; d) law enforcement equipment; e) joint law enforcement/public safety operations; f) contracts for services; g) law enforcement travel and per diem; h) law enforcement awards and memorials; i) drug, gang, and other prevention or awareness programs; j) matching grants; and k) support of community-based organizations. The use of Department of Treasury funds to support community-based organizations is prohibited.

Equitable sharing funds may not be used to pay the salaries and benefits of sworn or non-sworn law enforcement personnel. However, equitable sharing funds may be used to pay salaries and benefits of current law enforcement officers and personnel in the following limited situations: 1) matching federal grants; 2) overtime; 3) federal task force replacement salary; and 4) specialized programs.

Participating law enforcement agencies must implement accounting procedures and internal controls that are consistent with the guidelines to track equitably shared funds and tangible property. At any time, the Department of Justice and the Department of Treasury may request documents related to equitable sharing. The District Attorney’s Office has developed formal monitoring procedures to fulfill the requirement as set forth by the *Guide*.

District Attorney’s Office Policy for Approved Use of Forfeited Funds

The District Attorney’s Office is responsible for the administration and expenditure of forfeited funds, will ensure that forfeited funds are used only for authorized purposes, and comply with policy and any applicable state and federal legal requirements for the approved use of forfeited funds. Forfeited funds may be used only for approved statutory purposes and as budgeted and approved by the Hidalgo County Commissioner’s Court.

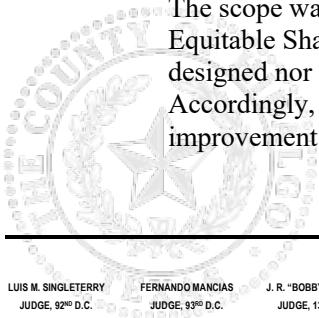
Any forfeited funds received by the District Attorney’s Office through the Equitable Sharing of Federally Forfeited Property shall be administered in accordance with applicable state and federal law and U.S. Department of Justice or U.S. Department of Treasury guidelines as appropriate.

Unless otherwise required by law or by order of a court, all forfeited money, financial instruments including but not limited to securities, negotiable instruments, stocks, or bonds, or things of value or funds from the sale of those items, shall be deposited to the appropriate Hidalgo County Special Revenue Account designated for such purposes, and thereafter expended only for law enforcement purposes in accordance with state law and any applicable federal guidelines. Forfeited funds must be administered in accordance with accepted accounting practices and in accordance with the provisions of any local agreement regarding the sharing and use of forfeited funds entered into between the attorney representing the state and law enforcement agencies. Failure to properly account for, administer, or expend forfeited funds could result in disciplinary action, up to and including termination, and could result in civil or criminal penalties.

All requests for the expenditure of forfeited funds must be documented and approved by the Hidalgo County Commissioners’ Court. All requests must document a detailed list of categories for expenditure; include backup information for expenditure, if required; be reviewed to ensure the proposed use of funds complies with applicable state and federal requirements regarding the use of forfeited funds; and be reviewed to ensure that the use of forfeited funds supports the District Attorney’s Office strategic plan.

Scope and Methodology:

The scope was limited to a review of the revenues and expenditures reported on the District Attorney’s Office Equitable Sharing Agreement and Certification for the year ended December 31, 2023. 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 letter may not be all-inclusive of areas where improvement could be made.



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

More specifically, the following procedures were performed:

1. Generated revenue and expenditure reports from *LINQ* for the District Attorney's Office Justice and Treasury Funds and compared the reports to the Equitable Sharing Agreement and Certification to determine whether the revenues and expenditures reported agreed to those recorded in *LINQ*.
2. Reviewed all expenditures from the District Attorney's Office Justice and Treasury Funds to determine if the expenditures were incurred for law enforcement purposes pursuant to the *Guide*.

Conclusion:

Based on the results of the review, we determined that all revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice and Treasury Fund agreed to those recorded in *LINQ*. In addition, all expenditures from the Justice Fund and Treasury Fund were for permissible expenses incurred for law enforcement purposes.

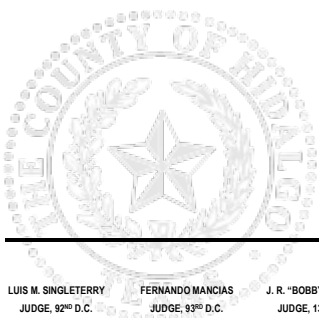
If you have any questions, please contact Corina Martinez, Compliance Audit Supervisor, at 318-2511 ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



Letty Chavez
County Auditor

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



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 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. YSMAEL FONSECA JUDGE, 476TH D.C.

COUNTY of HIDALGO



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

April 10, 2024

The Honorable J.E. "Eddie" Guerra, Sheriff
Hidalgo County Sheriff's Office
711 El Cíbolo Rd.
Edinburg, TX 78539

Ref: Sheriff's Office 2023 Equitable Sharing Agreement and Certification
Audit No. 2024-12

Dear Sheriff Guerra:

We conducted a limited scope review of the Sheriff's Office Equitable Sharing Agreement and Certification for the year ended December 31, 2023. The objectives of the review were to determine if: 1.) revenues and expenditures reported on the Equitable Sharing Agreement and Certification agreed to those recorded in *LINQ*, the County's financial accounting system; 2.) expenditures were permissible and incurred for law enforcement purposes pursuant to the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (*Guide*); and 3.) formal procedures to track equitably shared funds and tangible property have been developed as required by the *Guide*.

Executive Summary:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *LINQ*. Expenditures from the Justice and Treasury Fund were for permissible expenses incurred for law enforcement purposes. Furthermore, the Sheriff's Office developed and implemented policies and procedures governing the Justice and Treasury Funds as required by the *Guide*.

Background:

The Equitable Sharing Program is a Department of Justice and a Department of the Treasury program designed to enhance cooperation among federal, state, and local law enforcement agencies through the sharing of proceeds resulting from Federal forfeitures. In order to become eligible, state or local law enforcement agencies must submit the Equitable Sharing Agreement and Certification through the eShare portal. The submission of the Equitable Sharing Agreement and Certification is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request.

Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies

The Equitable Sharing Agreement and Certification binds its signatories to the statutes and guidelines that regulate the equitable sharing program and certifies that the agency (Sheriff's Office) will comply with said

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

guidelines and statutes. The Equitable Sharing Agreement and Certification stipulates that shared assets shall be used for law enforcement purposes as set forth in the *Guide*. The Equitable Sharing Agreement and Certification also stipulates that the Sheriff's Office must agree to account separately for Federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with Federal equitable sharing funds. Actual signatures of approval are not required to be submitted along with the Equitable Sharing Report; however, the agency must obtain approval from the governing body. The fully executed Equitable Sharing Agreement must be maintained by the agency.

Equitable sharing funds may be used for any permissible agency expenditure and may be used by both sworn and non-sworn law enforcement personnel, with certain exceptions. The following are examples of permissible uses of equitable sharing funds: a) law enforcement operations and investigations; b) law enforcement training and education; c) law enforcement, public safety, and detention facilities; d) law enforcement equipment; e) joint law enforcement/public safety operations; f) contracts for services; g) law enforcement travel and per diem; h) law enforcement awards and memorials; i) drug, gang, and other prevention or awareness programs; j) matching grants; and k) support of community-based organizations. The use of Department of Treasury funds to support community-based organizations is prohibited.

Equitable sharing funds may not be used to pay the salaries and benefits of sworn or non-sworn law enforcement personnel. However, equitable sharing funds may be used to pay salaries and benefits of current law enforcement officers and personnel in the following limited situations: 1) matching federal grants; 2) overtime; 3) federal task force replacement salary; and 4) specialized programs.

Participating law enforcement agencies must implement accounting procedures and internal controls that are consistent with the *Guide* to track equitably shared funds and tangible property. At any time, the Department of Justice or the Department of the Treasury may request documents related to equitable sharing.

Scope and Methodology:

The scope was limited to a review of the revenues and expenditures reported on the Sheriff's Equitable Sharing Agreement and Certification for the year ended December 31, 2023. 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 letter may not be all-inclusive of areas where improvement could be made.

More specifically, the following procedures were performed:

1. Generated revenue and expenditure reports from *LINQ* for the Sheriff's Justice and Treasury funds and compared the reports to the Equitable Sharing Agreement and Certification to determine whether the revenues and expenditures reported agreed to those recorded in *LINQ*.
2. Reviewed all expenditures from the Sheriff's Justice and Treasury funds to determine if the expenditures were incurred for law enforcement purposes pursuant to the *Guide*.
3. Requested formal written policies and procedures governing the Sheriff's Justice and Treasury funds.

Conclusion:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *LINQ*. Expenditures from the Justice and Treasury Fund were for permissible expenses incurred for law enforcement purposes. In addition, the Sheriff's Office developed and implemented policies and procedures governing the Justice and Treasury Funds as required by the *Guide*.

If you have any questions, please contact Corina Martinez, Compliance Audit Supervisor, at 318-2511 ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

HIDALGO COUNTY DISTRICT JUDGES

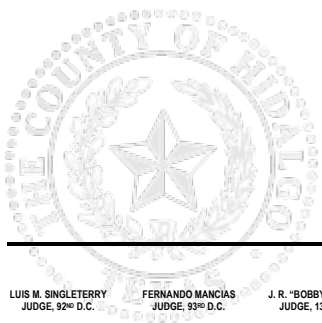
The Honorable J.E. Guerra
April 10, 2024
Page 3 of 3

Respectfully,



Letty Chavez
County Auditor

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Ms. Myra Montoya, Budget Manager II, Sheriff's Office



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 93 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.	YSMAEL FONSECA JUDGE, 476 th D.C.
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COUNTY of HIDALGO

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



April 10, 2024

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

Ref: Constable Precinct No. 1 2023 Equitable Sharing Agreement and Certification
Audit No. 2024-13

Dear Constable Avila:

We conducted a limited scope review of the Constable Precinct No. 1 Equitable Sharing Agreement and Certification for the year ended December 31, 2023. The objectives of the review were to determine if: 1.) revenues and expenditures reported on the Equitable Sharing Agreement and Certification agreed to those recorded in *LINQ*, the County's financial accounting system; 2.) expenditures were permissible and incurred for law enforcement purposes pursuant to the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (*Guide*); and 3.) formal procedures to track equitably shared funds and tangible property have been developed as required by the *Guide*.

Executive Summary:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *LINQ*. There were no revenues received to and expenditures incurred from the Constable's Treasury Fund, and no expenditures incurred from the Constable's Justice Fund. In addition, the Constable Precinct No. 1 Office developed and implemented policies and procedures governing the Justice and Treasury Funds as required by the *Guide*.

Background:

The Equitable Sharing Program is a Department of Justice and a Department of Treasury program designed to enhance cooperation among federal, state, and local law enforcement agencies through the sharing of proceeds resulting from Federal forfeitures. In order to become eligible, state or local law enforcement agencies must submit the Equitable Sharing Agreement and Certification through the eShare portal. The submission of the Equitable Sharing Agreement and Certification is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request.

Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies

The Equitable Sharing Agreement and Certification binds its signatories to the statutes and guidelines that regulate the equitable sharing program and certifies that the agency (Constable Precinct No. 1) will comply with said guidelines and statutes. The Equitable Sharing Agreement and Certification stipulates that shared assets shall be used for law enforcement purposes as set forth in the *Guide*. The Equitable Sharing Agreement and Certification also stipulates that Constable Precinct No. 1 must agree to account separately for Federal equitable sharing funds received from the Department of Justice and the Department of Treasury. Funds from state and

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. 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. YSMAEL FONSECA JUDGE, 476th D.C.

local forfeitures and other sources must not be commingled with Federal equitable sharing funds. Actual signatures of approval are not required to be submitted along with the Equitable Sharing Report; however, the agency must obtain approval from the governing body. The fully executed Equitable Sharing Agreement must be maintained by the agency.

Equitable sharing funds may be used for any permissible agency expenditure and may be used by both sworn and non-sworn law enforcement personnel, with certain exceptions. The following are examples of permissible uses of equitable sharing funds: a) law enforcement operations and investigations; b) law enforcement training and education; c) law enforcement, public safety, and detention facilities; d) law enforcement equipment; e) joint law enforcement/public safety operations; f) contracts for services; g) law enforcement travel and per diem; h) law enforcement awards and memorials; i) drug, gang, and other prevention or awareness programs; j) matching grants; and k) support of community-based organizations. This community-based organization provision does not apply to the Department of Treasury equitable sharing funds; therefore, agencies may not use Department of Treasury Funds to support community-based organizations.

Equitable sharing funds may not be used to pay the salaries and benefits of sworn or non-sworn law enforcement personnel. However, equitable sharing funds may be used to pay salaries and benefits of current law enforcement officers and personnel in the following limited situations: 1) matching federal grants; 2) overtime; 3) federal task force replacement salary; and 4) specialized programs.

Participating law enforcement agencies must implement accounting procedures and internal controls that are consistent with the guidelines to track equitably shared funds and tangible property. At any time, the Department of Justice and the Department of Treasury may request documents related to equitable sharing.

Scope and Methodology:

The scope was limited to a review of the revenues and expenditures reported on the Constable Precinct No. 1 Equitable Sharing Agreement and Certification for the year ended December 31, 2023. The review was not designated nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this letter may not be all-inclusive of areas where improvement could be made.

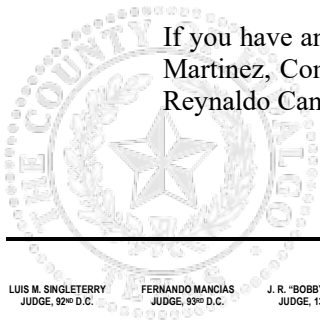
More specifically, the following procedures were performed:

1. Generated revenue and expenditure reports from *LINQ* for the Constable's Justice and Treasury Funds and compared the reports to the Equitable Sharing Agreement and Certification to determine whether the revenues and expenditures reported agreed to those recorded in *LINQ*.
2. Reviewed all expenditures from the Constable's Justice and Treasury Funds to determine if the expenditures were incurred for law enforcement purposes pursuant to the *Guide*.
3. Requested written policies and procedures governing the Constable's Justice and Treasury funds.

Conclusion:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *LINQ*. There were no revenues receipted to and expenditures incurred from the Constable's Treasury Fund, and no expenditures incurred from the Constable's Justice Fund. Furthermore, the Constable Precinct No. 1 Office developed and implemented policies and procedures governing the Justice and Treasury Funds as required by the *Guide*.

If you have any questions, please contact Alejandro Torres, Internal Auditor III, at 318-2511, ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.



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.

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.

YSMAEL FONSECA
JUDGE, 476th D.C.

The Honorable Celestino Avila
April 10, 2024
Page 3 of 3

Respectfully,



Letty Chavez
County Auditor

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Joe Espinosa, Chief Deputy, Constable Precinct No. 1



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. 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. YSMAEL FONSECA JUDGE, 476th 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

April 10, 2024

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

Re: Constable Precinct No. 2 2023 Equitable Sharing Agreement and Certification
Audit No. 2024-14

Dear Constable Cantu:

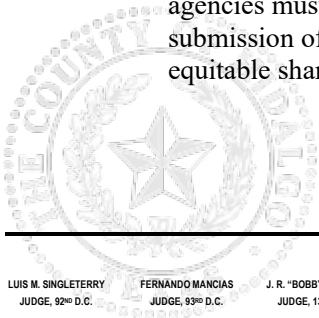
We conducted a limited scope review of the Constable Precinct No. 2 Equitable Sharing Agreement and Certification for the year ended December 31, 2023. The objectives of the review were to determine if: 1.) revenues and expenditures reported on the Equitable Sharing Agreement and Certification agreed to those recorded in *LINQ*, the County's financial accounting system; 2.) expenditures were permissible and incurred for law enforcement purposes pursuant to the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (*Guide*); and 3.) formal procedures to track equitably shared funds and tangible property have been developed as required by the *Guide*.

Executive Summary:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *LINQ*. There were no revenues received to and expenditures incurred from the Constable's Justice and Treasury Funds. Furthermore, the Constable Precinct No. 2 Office developed and implemented policies and procedures governing the Justice and Treasury Funds as required by the *Guide*.

Background:

The Equitable Sharing Program is a Department of Justice and a Department of the Treasury program designed to enhance cooperation among federal, state, and local law enforcement agencies through the sharing of proceeds resulting from Federal forfeitures. In order to become eligible, state or local law enforcement agencies must submit the Equitable Sharing Agreement and Certification through the eShare portal. The submission of the Equitable Sharing Agreement and Certification is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request.



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies

The Equitable Sharing Agreement and Certification binds its signatories to the statutes and guidelines that regulate the equitable sharing program and certifies that the agency (Constable Precinct No. 2) will comply with said guidelines and statutes. The Equitable Sharing Agreement and Certification stipulates that shared assets shall be used for law enforcement purposes as set forth in the *Guide*. The Equitable Sharing Agreement and Certification also stipulates that Constable Precinct No. 2 must agree to account separately for Federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with Federal equitable sharing funds. Actual signatures of approval are not required to be submitted along with the Equitable Sharing Report; however, the agency must obtain approval from the governing body. The fully executed Equitable Sharing Agreement must be maintained by the agency.

Equitable sharing funds may be used for any permissible agency expenditure and may be used by both sworn and non-sworn law enforcement personnel, with certain exceptions. The following are examples of permissible uses of equitable sharing funds: a) law enforcement operations and investigations; b) law enforcement training and education; c) law enforcement, public safety, and detention facilities; d) law enforcement equipment; e) joint law enforcement/public safety operations; f) contracts for services; g) law enforcement travel and per diem; h) law enforcement awards and memorials; i) drug, gang, and other prevention or awareness programs; j) matching grants; and k) support of community-based organizations. This community-based organization provision does not apply to the Department of the Treasury equitable sharing funds; therefore, agencies may not use Department of the Treasury funds to support community-based organizations.

Equitable sharing funds may not be used to pay the salaries and benefits of sworn or non-sworn law enforcement personnel. However, equitable sharing funds may be used to pay salaries and benefits of current law enforcement officers and personnel in the following limited situations: 1) matching federal grants; 2) overtime; 3) federal task force replacement salary; and 4) specialized programs.

Participating law enforcement agencies must implement accounting procedures and internal controls that are consistent with the guidelines to track equitably shared funds and tangible property. At any time, the Department of Justice or the Department of the Treasury may request documents related to equitable sharing.

Scope and Methodology:

The scope was limited to a review of the revenues and expenditures reported on the Constable's Equitable Sharing Agreement and Certification for the year ended December 31, 2023. The review was not designated nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this letter may not be all-inclusive of areas where improvement could be made.

More specifically, the following procedures were performed:

1. Generated revenue and expenditure reports from *LINQ* for the Constable's Justice and Treasury Funds and compared the reports to the Equitable Sharing Agreement and Certification to determine whether the revenues and expenditures reported agreed to those recorded in *LINQ*.
2. Reviewed all expenditures from the Constable's Justice and Treasury Funds to determine if the expenditures were incurred for law enforcement purposes pursuant to the *Guide*.
3. Requested written policies and procedures governing the Constable's Justice and Treasury funds.

Conclusion:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *LINQ*. There were no revenues received to and expenditures incurred from the Constable's Justice and Treasury Funds.

HIDALGO COUNTY DISTRICT JUDGES

In addition, the Constable Precinct No. 2 Office developed and implemented policies and procedures governing the Justice and Treasury Funds as required by the *Guide*.

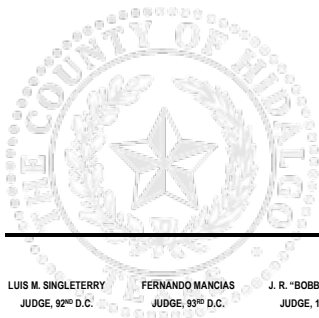
If you have any questions, please contact Alejandro Torres, Internal Auditor III, at 318-2511, ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



Letty Chavez
County Auditor

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Fernando Gaitan, Chief Deputy, Constable Precinct No. 2



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO



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

April 10, 2024

The Honorable Lazaro Gallardo, Constable
Hidalgo County Constable Precinct No. 3
730 N. Breyfogle Ste. B
Mission, TX 78572

Re: Constable Precinct No. 3 2023 Equitable Sharing Agreement and Certification
Audit No. 2024-15

Dear Constable Gallardo:

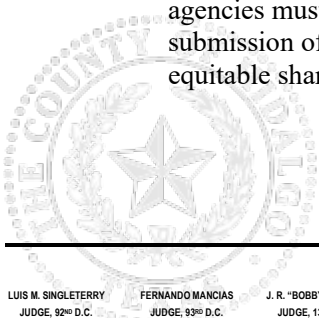
We conducted a limited scope review of the Constable Precinct No. 3 Equitable Sharing Agreement and Certification for the year ended December 31, 2023. The objectives of the review were to determine if: 1.) revenues and expenditures reported on the Equitable Sharing Agreement and Certification agreed to those recorded in *LINQ*, the County's financial accounting system; 2.) expenditures were permissible and incurred for law enforcement purposes pursuant to the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (Guide); and 3.) formal procedures to track equitably shared funds and tangible property have been developed as required by the Guide.

Executive Summary:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *LINQ*. Expenditures from the Justice and Treasury Fund were for permissible expenses incurred for law enforcement purposes. Furthermore, the Constable Precinct No. 3 Office developed and implemented policies and procedures governing the Justice and Treasury Funds as required by the *Guide*.

Background:

The Equitable Sharing Program is a Department of Justice and a Department of the Treasury program designed to enhance cooperation among federal, state, and local law enforcement agencies through the sharing of proceeds resulting from federal forfeitures. In order to become eligible, state or local law enforcement agencies must submit the Equitable Sharing Agreement and Certification through the eShare portal. The submission of the Equitable Sharing Agreement and Certification is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request.



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies

The Equitable Sharing Agreement and Certification binds its signatories to the statutes and guidelines that regulate the equitable sharing program and certifies that the agency (Constable Precinct No. 3) will comply with said guidelines and statutes. The Equitable Sharing Agreement and Certification stipulates that shared assets shall be used for law enforcement purposes as set forth in the Guide. The Equitable Sharing Agreement and Certification also stipulates that Constable Precinct No. 3 must agree to account separately for Federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with Federal equitable sharing funds. Actual local signatures of approval are not required to be submitted along with the Equitable Sharing Report; however, the agency must obtain approval from the governing body. The fully executed Equitable Sharing Agreement must be maintained by the agency.

Equitable sharing funds may be used for any permissible agency expenditure and may be used by both sworn and non-sworn law enforcement personnel, with certain exceptions. The following are examples of permissible uses of equitable sharing funds: a) law enforcement operations and investigations; b) law enforcement training and education; c) law enforcement, public safety, and detention facilities; d) law enforcement equipment; e) joint law enforcement/public safety operations; f) contracts for services; g) law enforcement travel and per diem; h) law enforcement awards and memorials; i) drug, gang, and other prevention or awareness programs; j) matching grants; and k) support of community-based organizations. This community-based organization provision does not apply to the Department of Treasury equitable sharing funds; therefore, agencies may not use Department of the Treasury funds to support community-based organizations.

Equitable sharing funds may not be used to pay the salaries and benefits of sworn or non-sworn law enforcement personnel. However, equitable sharing funds may be used to pay salaries and benefits of current law enforcement officers and personnel in the following limited situations: 1) matching federal grants; 2) overtime; 3) federal task force replacement salary; and 4) specialized programs.

Participating law enforcement agencies must implement accounting procedures and internal controls that are consistent with the guidelines to track equitably shared funds and tangible property. At any time, the Department of Justice or the Department of the Treasury may request documents related to equitable sharing.

Scope and Methodology:

The scope was limited to a review of the revenues and expenditures reported on the Constable's Equitable Sharing Agreement and Certification for the year ended December 31, 2023. The review was not designated nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this letter may not be all-inclusive of areas where improvement could be made.

More specifically, the following procedures were performed:

1. Generated revenue and expenditure reports from *LINQ* for the Constable's Justice and Treasury Funds and compared the reports to the Equitable Sharing Agreement and Certification to determine whether the revenues and expenditures reported agreed to those recorded in *LINQ*.
2. Reviewed all expenditures from the Constable's Justice and Treasury Funds to determine if the expenditures were incurred for law enforcement purposes pursuant to the *Guide*.
3. Requested written policies and procedures governing the Constable's Justice and Treasury funds.

Conclusion:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *LINQ*. Expenditures from the Justice and Treasury Fund were for permissible expenses incurred for law enforcement purposes. In addition, the Constable Precinct No. 3 Office developed and implemented policies and procedures governing the Justice and Treasury Funds as required by the *Guide*.

HIDALGO COUNTY DISTRICT JUDGES

If you have any questions, please contact Alejandro Torres, Internal Auditor III, at 318-2511, ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



Letty Chavez
County Auditor

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Gerardo Zamora, Chief Deputy, Constable Precinct No. 3



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO



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

April 10, 2024

The Honorable Atanacio "J.R." Gaitan, Constable
Hidalgo County Constable Precinct No. 4
1212 S. 25th Ave. Suite B
Edinburg, TX 78542

Ref: Constable Precinct No. 4 2023 Equitable Sharing Agreement and Certification
Audit No. 2024-16

Dear Constable Gaitan:

We conducted a limited scope review of the Constable Precinct No. 4 Equitable Sharing Agreement and Certification for the year ended December 31, 2023. The objectives of the review were to determine if: 1.) revenues and expenditures reported on the Equitable Sharing Agreement and Certification agreed to those recorded in *LINQ*, the County's financial accounting system; 2.) expenditures were permissible and incurred for law enforcement purposes pursuant to the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies (*Guide*); and 3.) formal procedures to track equitably shared funds and tangible property have been developed as required by the *Guide*.

Executive Summary:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *LINQ*. No expenditures were incurred from the Constable's Justice and Treasury Funds. Furthermore, the Constable Precinct No. 4 Office developed and implemented policies and procedures governing the Justice and Treasury Funds as required by the *Guide*.

Background:

The Equitable Sharing Program is a Department of Justice and a Department of the Treasury program designed to enhance cooperation among federal, state, and local law enforcement agencies through the sharing of proceeds resulting from Federal forfeitures. In order to become eligible, state or local law enforcement agencies must submit the Equitable Sharing Agreement and Certification through the eShare portal. The submission of the Equitable Sharing Agreement and Certification is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request.

Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies

The Equitable Sharing Agreement and Certification binds its signatories to the statutes and guidelines that regulate the equitable sharing program and certifies that the agency (Constable Precinct No. 4) will comply with said guidelines and statutes. The Equitable Sharing Agreement and Certification stipulates that shared

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 93 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.	YSMAEL FONSECA JUDGE, 476 th D.C.
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assets shall be used for law enforcement purposes as set forth in the *Guide*. The Equitable Sharing Agreement and Certification also stipulates that Constable Precinct No. 4 must agree to account separately for Federal equitable sharing funds received from the Department of Justice and the Department of the Treasury. Funds from state and local forfeitures and other sources must not be commingled with Federal equitable sharing funds. Actual signatures of approval are not required to be submitted along with the Equitable Sharing Report; however, the agency must obtain approval from the governing body. The fully executed Equitable Sharing Agreement must be maintained by the agency.

Equitable sharing funds may be used for any permissible agency expenditure and may be used by both sworn and non-sworn law enforcement personnel, with certain exceptions. The following are examples of permissible uses of equitable sharing funds: a) law enforcement operations and investigations; b) law enforcement training and education; c) law enforcement, public safety, and detention facilities; d) law enforcement equipment; e) joint law enforcement/public safety operations; f) contracts for services; g) law enforcement travel and per diem; h) law enforcement awards and memorials; i) drug, gang, and other prevention or awareness programs; j) matching grants; and k) support of community-based organizations. This community-based organization provision does not apply to the Department of the Treasury equitable sharing funds; therefore, agencies may not use Department of the Treasury funds to support community-based organizations.

Equitable sharing funds may not be used to pay the salaries and benefits of sworn or non-sworn law enforcement personnel. However, equitable sharing funds may be used to pay salaries and benefits of current law enforcement officers and personnel in the following limited situations: 1) matching federal grants; 2) overtime; 3) federal task force replacement salary; and 4) specialized programs.

Participating law enforcement agencies must implement accounting procedures and internal controls that are consistent with the guidelines to track equitably shared funds and tangible property. At any time, the Department of Justice or the Department of the Treasury may request documents related to equitable sharing.

Scope and Methodology:

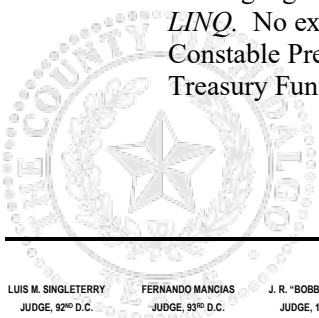
The scope was limited to a review of the revenues and expenditures reported on the Constable’s Equitable Sharing Agreement and Certification for the year ended December 31, 2023. The review was not designated nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this letter may not be all-inclusive of areas where improvement could be made.

More specifically, the following procedures were performed:

1. Generated revenue and expenditure reports from *LINQ* for the Constable’s Justice and Treasury Funds and compared the reports to the Equitable Sharing Agreement and Certification to determine whether the revenues and expenditures reported agreed to those recorded in *LINQ*.
2. Reviewed all expenditures from the Constable’s Justice and Treasury Funds to determine if the expenditures were incurred for law enforcement purposes pursuant to the *Guide*.
3. Requested written policies and procedures governing the Constable’s Justice and Treasury funds.

Conclusion:

Based on the results of the review, we determined that the revenues and expenditures reported on the Equitable Sharing Agreement and Certification for the Justice Fund and Treasury Fund agreed to those recorded in *LINQ*. No expenditures were incurred from the Constable’s Justice and Treasury Funds. In addition, the Constable Precinct No. 4 Office developed and implemented policies and procedures governing the Justice and Treasury Funds as required by the *Guide*.



HIDALGO COUNTY DISTRICT JUDGES

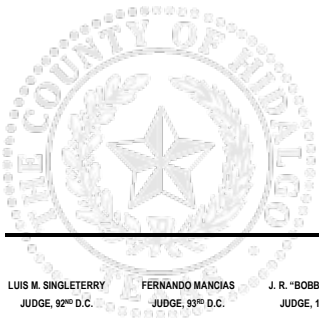
If you have any questions, please contact Alejandro Torres, Internal Auditor III, at 318-2511 ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654 or me at ext. 4651.

Respectfully,



Letty Chavez
County Auditor

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Horaldo Sanchez, Chief Deputy, Constable Precinct No. 4



HIDALGO COUNTY DISTRICT JUDGES

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COUNTY of HIDALGO

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



December 21, 2023

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

Re: Jail Commissary Audit No. 2023-01

Dear Sheriff Guerra:

We completed an audit of the Jail Commissary account for the year ended December 31, 2022 in accordance with Local Government Code §351.0415 and our annual audit plan. The objectives of the audit were to determine whether:

1. Purchases were in compliance with Local Government Code §351.0415 (c) and vendor contracts; and
2. Collections, disbursements, and assets (capital/controlled assets and merchandise inventory) were properly accounted and safeguarded.

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 results of the audit, we concluded that purchases were in compliance with Local Government Code §351.0415 (c). However, improvements could be made to the procedures in place for ensuring that collections, disbursements, and assets (capital/controlled assets and merchandise inventory) are properly accounted and safeguarded. More specifically, the following was noted:

- The number of adjustments made to the inventory quantities in *Odyssey* was excessive;
- Not all merchandise inventory purchases were properly added in *Odyssey*;
- Invoices were paid for merchandise inventory not received;
- Purchases for items under contract were made for amounts higher than the contracted price;
- The "Commissary Sales" and "Inmate Account Journal" reports generated from *Odyssey* do not agree;
- Deposits are not always made timely;
- A Jail Commissary check cleared the bank without the signature of the Sheriff or his designee;
- Not all assets selected for inventory were physically located; and
- Capital assets were not always properly recorded and depreciated.

Background

Local Government Code §351.0415 authorizes the Sheriff to operate a jail commissary for the use of the inmates committed to the County jail. The jail commissary must be operated in accordance with rules adopted

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by the Commission on Jail Standards. Pursuant to Local Government Code §351.0415 (c), the Sheriff has exclusive control of the jail commissary funds and must use commissary proceeds only to:

1. Fund, staff, and equip a program addressing the social needs of the inmates, including an educational or recreational program and religious or rehabilitative counseling;
2. Supply inmates with clothing, writing materials, and hygiene supplies;
3. Establish, staff, and equip the commissary operation and fund the salaries of staff responsible for managing the inmates' commissary accounts;
4. Fund, staff, and equip both an educational and a law library for the educational use of inmates; or
5. Fund physical plant improvements, technology, equipment, programs, services, and activities that provide for the well-being, health, safety, and security of the inmates and the facility.

Local Government Code §351.0415 (g) further states commissary proceeds may only be used for the purposes described in Subsection (c).

Jail Commissary Bank Account

Pursuant to Local Government Code §351.0415 (b)(2), the Sheriff must maintain commissary accounts showing the amount of proceeds from the commissary operation and the amount and purpose of disbursements made from the proceeds. The Sheriff accomplishes this responsibility by maintaining the Jail Commissary bank account and preparing financial statements. The Sheriff is required to submit these financial statements to the County Auditor's Office on a monthly basis, along with subsidiary ledgers and other supporting documentation. As of December 31, 2022, the Jail Commissary bank account cash balance totaled \$2,203,507.66. The Jail Commissary generated net revenues totaling \$1,290,672.70 and incurred expenses totaling \$3,132,555.85, resulting in net loss of (\$1,841,883.15) for the year ended December 31, 2022.

Operating Procedures

The Jail Commissary offers 179 merchandise items for sale to the inmates. Merchandise items fall under the following categories: personal care (hygiene for hands and body), hair care, snacks, beverages, candy, food items, stationery supplies, greeting cards, phone cards, underclothes, and medication. Inmates may purchase items from the Jail Commissary by completing a pre-printed order form. The Jail Commissary staff reviews each request against the dietary restriction and no-privilege list and the inmate's account balance in *Odyssey*, the Jail Commissary inventory system, to determine if sufficient funds are available to fulfill the inmate's order request. If the inmate does not have sufficient funds, the inmate's order is fulfilled up to their available balance and the inmate is notified that their entire order was not fulfilled.

At the beginning of each workday, the Jail Commissary Supervisor submits the daily "Commissary Sales" and "Inmate Account Journal" reports to the Jail Administrative Assistant I, for the prior day's activity. The "Inmate Account Journal" indicates the amount deducted from each inmate for commissary purchases. The "Commissary Sales" report summarizes the amount of purchases made during the month. The Administrative Assistant I issues a check from the Inmate Trust Fund (in *Odyssey's* Financial Manager) bank account to the Jail Commissary bank account for the total daily sales on the "Inmate Account Journal" report. The other Jail Administrative Assistant I prepares the deposit and sends a Detention Officer to the bank to make the deposit. When the Detention Officer comes back with the validated deposit slip, a copy of it, along with a copy of the check, and both the daily "Commissary Sales" and "Inmate Account Journal" reports are forwarded to the Jail Commissary Accountant.

The Jail Commissary Supervisor checks the *Odyssey* inventory system every two weeks and orders merchandise as needed. Before placing an order, the Jail Commissary Supervisor prepares a requisition in Microsoft Excel and submits the requisition to either one of the two Jail Captains (Administrative or Operations) for approval. When merchandise is received, the Jail Commissary Clerks compare the items received to the packing slip. If any discrepancies are found, the discrepancies are noted on the packing slip and the Jail Commissary Clerks notify the Jail Commissary Supervisor. The Jail Commissary Supervisor verifies that the discrepancies exist and notifies the vendor. The vendor may either send the missing merchandise or issue a credit memo. The Jail Commissary Accountant will only pay for the number of items actually received. Once all the merchandise is

HIDALGO COUNTY DISTRICT JUDGES

verified, the Jail Commissary Supervisor updates the inventory in *Odyssey* to reflect the new inventory count and approves the invoice for payment. Invoices are entered into *QuickBooks* by the Jail Commissary Supervisor. The original invoice is provided to the Jail Commissary Accountant. The Jail Commissary Accountant prints the check from *QuickBooks* and obtains the Sheriff's, Chief Deputy, or Division Chief's signature of approval. Once approved, the check is forwarded to the vendor by the Jail Commissary Accountant.

A physical inventory count of merchandise items is conducted on a monthly basis. The Jail Commissary Supervisor prepares a "Hidalgo County Sheriff's Jail Commissary Inventory Adjustments Control Form Damage/Losses" for damaged items (e.g., open or stale dated packages) and a "Hidalgo County Sheriff's Jail Commissary Inventory Adjustments Control Form Over/Short" for any variances found between the physical inventory count and *Odyssey*. Inventory adjustments are made in *Odyssey* by the Jail Commissary Supervisor and subsequently approved by the Division Chief. The inventory items reported as damaged/lost are verified by the Jail Commissary Accountant.

Sales transactions are voided when an inmate is released prior to receiving the commissary items ordered or when an inmate is issued the incorrect commissary item. The Jail Commissary Supervisor signs and dates the voided receipt. The voided receipt is marked "VOID" and the reason for the void is written on the receipt. After the voided receipt is approved by the Jail Commissary Supervisor, the Supervisor enters the void and the items are automatically added into the *Odyssey* inventory system. A copy of the voided receipt is attached to the daily "Commissary Sales Report." If the inmate was released prior to receiving the commissary order, the Administrative Sergeant is notified. The Administrative Sergeant ensures that a check for the balance due is either picked up or mailed to the inmate.

Contracted Vendors

On October 6, 2020 Commissioners Court approved one-year contracts, commencing October 19, 2020 to expire on October 19, 2021 with Bob Barker Company, ICS Jail Supplies, Inc., Keefe Supply Company, and R&R Distributing for the purchase of commissary supplies. On October 18, 2022, Commissioners Court approved the second and final of two (2) one-year extension of the contracts with Bob Barker Company, Keefe Supply Company and R&R Distributing. ICS Jail Supplies, Inc. was not renewed for a second one-year extension. On December 14, 2021, Commissioners Court approved a two-year contract with NCIC Communications for inmate telephone system and services. The contract commenced after installation of all required equipment and was operational on February 2022.

Pursuant to the contracts with Bob Barker Company, ICS Jail Supplies, Inc., Keefe Supply Company, and R&R Distributing, the vendors may submit a written request for price increases to the County Purchasing Agent. Price increases are only valid for the quarter in which they are requested and approved. Prices shall return to the original contract price at the beginning of the following quarter, unless a vendor notifies the County in writing within 10 days of expiration of the quarter in which the price increase is in effect. The total increase in contract price shall not exceed 25% of the original contract price during the contract term.

On April 1, 2022, the Purchasing Department approved ICS Jail Supplies request to increase the prices of four (4) merchandise items for the second quarter effective April 1, 2022 to June 30, 2022. Additionally, on May 15, 2022 the Purchasing Department approved Keefe Supply Company's request to increase the prices of 99 merchandise items for the second quarter effective May 20, 2022 to June 30, 2022. A second price escalation was also submitted by Keefe Supply Company for the third quarter; however, the request was not approved since a formal written request was not submitted as required by the agreement.

Inventory Accounting Procedures

Proper accounting procedures require that the value and count of inventory items on hand agree to the value and count of inventory items per accounting records. In addition, purchases and returns of merchandise inventory items should be added to inventory while sales and damaged merchandise inventory items should be reduced from inventory.

HIDALGO COUNTY DISTRICT JUDGES

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Cash Handling Guidelines

Pursuant to "Hidalgo County Cash Handling Guidelines and Procedures," approval to void a sales transaction must be obtained from the Supervisor. The Supervisor must approve each voided sales transaction by signing and dating the voided receipt to document the responsibility for verifying that the receipt is marked "VOID" on the face of the receipt, contains an explanation for the void, and contains the date the receipt was voided. If a new receipt is issued, the voided receipt number and the new receipt number should be cross-referenced. In addition, computer access controls to void receipts should be limited to supervisors.

Merchandise inventory items on voided transactions should be added to the inventory system on the same day that the transaction was voided.

Capital Asset Guide

Effective January 1, 2018, assets (i.e., vehicles, land, buildings, machinery, equipment, computer systems) with an acquisition cost of \$5,000 or more are capitalized and subject to inventory control. Assets with an inventory cost of at least \$1,000.00 are also subject to inventory control.

As of December 31, 2022, the Jail Commissary capital/controlled asset inventory listing consisted of 1,045 assets with a total acquisition cost of \$3,298,508.37.

Scope and Methodology:

The scope of the audit was limited to randomly selected transactions; Jail Commissary merchandise and asset inventory listings as of December 29, 2022 and December 22, 2022, respectively; and randomly selected invoices for the period of January 1, 2022 through December 31, 2022. The audit was not designed nor intended to be a detailed study of every relevant internal control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

In planning and performing the audit, the following procedures were performed:

1. Conducted a physical count of 90 randomly selected Jail Commissary merchandise inventory items to determine if the inventory quantities per the inventory accounting system (*Odyssey*) agreed to the quantities on hand.
2. Reviewed 36 judgmentally selected invoices to determine if purchases were made in compliance with Local Government Code §351.0415 (c).
3. Reviewed the "Jail Commissary Inventory Adjustments Control Form Damage/Losses"; the "Jail Commissary Inventory Adjustments Control Form Over/Short"; and the before and after jail commissary inventory reports for the year ended December 31, 2022 to determine if the inventory adjustments were made in the inventory accounting system (*Odyssey* and *Quickbooks*) and if the adjustments were approved by a supervisor.
4. Reviewed 430 randomly selected merchandise inventory items purchased to determine if the items were added to the inventory accounting system.
5. Reviewed 36 randomly selected invoices that included 430 merchandise inventory items to determine if the prices paid for the items were equal to or lower than the specified contract price.
6. Reviewed 48 daily deposits to ensure that the amounts on the "Commissary Sales" and "Inmate Account Journal" reports agreed to the amount deposited and deposits were made in a timely manner.
7. Reviewed all Jail Commissary checks issued by the Sheriff's Office to determine if the checks were properly issued (i.e., check amount and invoice amount agree, the payor and vendor name agree, etc.), approved (the check was signed by the Department Head or designee.), and only authorized inmate checks were properly cancelled by the bank (i.e., authorized inmate check cleared for correct amount).
8. Reviewed the *Alio* Jail Commissary inventory asset listing and judgmentally selected 375 assets for physical identification in order to verify the existence of the assets and to determine whether the assets were properly tagged.

HIDALGO COUNTY DISTRICT JUDGES

Conclusion:

Based on the results, we concluded that purchases were in compliance with Local Government Code §351.0415 (c). However, improvements could be made to the procedures in place for ensuring that: contracted items are purchased at the contract rates; the amounts on the "Commissary Sales" and "Inmate Account Journal" reports agree; Jail Commissary checks are properly issued and approved, and assets (capital/controlled assets and merchandise inventory) are properly accounted and safeguarded. More specifically, the following was noted:

1. All 90 categories of merchandise inventory items counted agreed with the inventory accounting system as of December 29, 2022.
2. All invoices reviewed were in compliance with Local Government Code §351.0415 (c).
3. 24 "Jail Commissary Inventory Adjustments Control Form Damage/Losses" and "Jail Commissary Inventory Adjustments Control Form Over/Short" forms reviewed for the year ended December 31, 2022 included 1,026 inventory adjustments for a total of 25,229 items. The 25,229 items were adjusted due to the following:
 - 1,593 items were damaged, resulting in a net loss of \$830.24.
 - 10,304 items on hand were less than the amount noted in the inventory quantities in *Odyssey*, resulting in a net loss of \$4,089.39.
 - 13,332 items on hand were more than the amount noted on the inventory quantities in *Odyssey*, resulting in a net gain of \$14,234.03.

All inventory adjustments were properly posted in the inventory accounting system (*Odyssey* and *QuickBooks*) and were approved by a supervisor. The number of adjustments made to the inventory quantities in *Odyssey* was excessive.

4. Of 430 merchandise inventory items purchased:
 - 414 were properly added to the inventory accounting system (*Odyssey*).
 - 1 was not entered properly to the inventory accounting system. A total of 1,440 items (Mars Snickers Almond) were purchased and only a quantity of 120 were entered into *Odyssey*. The vendor provided a full credit for the 1,320 bars not entered or received by the Sheriff's Office.
 - 1 was not entered in the inventory accounting system. According to Sheriff's Office staff, the item was never received from the vendor and a credit invoice was later issued for the items not delivered.
 - 14 were not entered since they were not actual merchandise inventory items sold to inmates by the Jail Commissary. The items purchased included clothing and hygiene supplies for inmates, interpreter services, and supplies needed for the operation of the Jail Commissary.
5. Of 430 merchandise inventory items:
 - 164 were purchased for a price equal to or lower the specified contract price, or the approved price escalation rate.
 - 17 were not under contract. 7 were purchased from a non-contracted vendor and 10 were purchased from a contracted vendor.
 - 10 were under contract; however, they were purchased from a non-contracted vendor. 7 were purchased at a price higher than the contracted price. According to Sheriff's Office staff, the items were purchased from the non-contracted vendor (R&R Distributing) since the vendor provided a better-quality item than the contracted vendor (Keefe Supply Company).
 - 239 were purchased from Keefe Supply Company, ICS Jail Supplies, and R&R Distributing at a price higher than the contracted price, resulting in an overpayment of \$17,133.93 (see Exhibit A).

HIDALGO COUNTY DISTRICT JUDGES

Price escalation letters were not received from the Purchasing Department or Sheriff's Office for the overcharged items. According to Sheriff's Office staff, Keefe Supply Company later provided credits for some of the items overcharged. The Sheriff's Office did not provide documentation that credits were received from ICS Jail Supplies or R&R Distributing for any of the overcharged items.

6. Of 48 daily deposits:

- 43 deposits agreed to the "Commissary Sales" and "Inmate Account Journal." In addition, the deposits were made in a timely manner.
- 2 deposits agreed to the "Commissary Sales" and "Inmate Account Journal"; however, they were not made in a timely manner. Deposits in the amounts of \$8,231.47 and \$12,357.51 were made 112 days and 5 days after the Commissary Sales date, respectively. According to Sheriff's Office staff, the deposits were late due to an oversight (112 days) and a holiday weekend (5 days).
- 3 deposits were made in a timely manner; however, the deposit did not agree to the "Commissary Sales" and "Inmate Account Journal" reports resulting in a net variance of \$10.84.

In addition, we noted that the amounts on the "Commissary Sales" and "Inmate Account Journal" reports did not agree. The amount listed on the "Inmate Account Journal" was used to transfer funds from the inmate bank account to the Commissary bank account. According to the Sheriff's Office staff, the issue was reported to Tyler Technologies; however, the issue has not been resolved.

7. Generally, checks were properly issued; however, we noted that a check issued in December 2022 cleared the bank without the Sheriff's or designee's signature of approval.

8. 375 Jail Commissary assets were selected for physical identification:

- 21 assets out of 375 were physically located. Of the 21 assets:
 - 16 contained an asset tag.
 - 4 (2 reach-in refrigerators and 2 heated kitchen cabinets) asset tag numbers 84828, 84829, 85366, and 85367 did not contain an asset tag and were confirmed by the physical description.
 - 1 (full body security scanner) asset tag number 81734 was safeguarded in a warehouse. The asset was physically confirmed to be stored in multiple sealed heavy wooden crates to protect the asset until it is put to use.
- 354 assets were not physically located. Of the 354 assets:
 - 326 assets (see Exhibit B) were pending to be delivered by the vendor, Motorola Solutions, at the time of the audit.
 - 9 assets (see Exhibit C), according to the Sheriff's Office staff, were removed by the IT Department and replaced with leased computers.
 - 18 assets (see Exhibit D) could not be located. According to Sheriff's Office staff, the asset location was unknown due to them being part of ongoing projects such as the Jail Surveillance System.
 - 1 (Vulcan VG40 Tilting Skillet Gas Pan) asset tag number 78307 could not be located. According to the Sheriff's Office, staff is actively looking for the asset; however, they were unable to provide an explanation for the asset.

In addition, we noted that capital assets with a unit cost of \$5,000.00 or more were not always properly recorded and depreciated properly. More specifically, the following was noted:

- A full body scanner with asset tag number 81734 was being depreciated in *QuickBooks* although the asset had not been put to use. Correcting journal entries as recommended by the Auditor's Office were posted to the Jail Commissary balance sheet.

HIDALGO COUNTY DISTRICT JUDGES

- Three heated carts purchased and put to use in December 2021 were not capitalized or depreciated properly. The heated carts had a unit cost of \$8,959.77, \$8,959.77, and \$6,922.75. According to the Sheriff's Office, the carts were assigned asset tag numbers 86118, 86119, and 86120; however, these assets did not appear in the *Alio* Jail Commissary asset inventory listing as of December 31, 2022.

Recommendations:

In our opinion, the issues identified during the review could be addressed by developing and implementing formal policies and procedures to ensure compliance with vendor contracts, and that collections, disbursements, merchandise inventory and capital assets are properly accounted and safeguarded. At a minimum, procedures implemented should require that:

1. Management develop and implement formal monitoring procedures to ensure that inventory items are properly accounted and safeguarded. In addition, management should continuously monitor all shortages to determine if there is a pattern meriting further investigation, modification of procedures, retraining of personnel, or disciplinary action. At a minimum, merchandise inventory items should be examined when received from the vendor to ensure the items are not damaged and that the correct amount was received. Any damaged merchandise items should be immediately returned to the vendor for credit. This process should be documented. Furthermore, staff should exercise due diligence while conducting physical inventory counts.
2. Management ensures that all merchandise inventory items purchased are delivered by the vendor in the quantity ordered and properly added to the inventory accounting system. Any overages/shortages of merchandise items should be reported to the vendor. A payment should not be issued to the vendor until someone confirms that the correct quantity was received.
3. Management ensures that contracted items are purchased at the contracted prices and from the contracted vendors. The employee responsible for paying invoices should ensure that the prices being invoiced agree to the contract price. Any variances should be disputed with the vendor and timely resolved. In addition, the Sheriff's Office should notify the Purchasing Department of concerns regarding quality of items or price increases by the vendor.
4. Management coordinate with the Information Technology Department and Tyler Technologies to ensure that the "Commissary Sales" and "Inmate Account Journal" reports agree. In addition, management should ensure that daily deposits are made in a timely manner.
5. Management train staff regarding the proper procedures for issuing checks. At a minimum, the employee responsible for mailing checks should ensure that all checks are signed.
6. Management coordinate with the Purchasing Department to assist with the following:
 - Affix asset tags to the 4 assets which did not contain an asset tag.
 - Prepare asset transfer forms to document the transfer of the 9 assets removed by the IT Department.
 - Locate the 19 assets that were not physically located. If the assets cannot be located, an incident report should be obtained and presented to Commissioners Court for approval to remove the assets from the asset inventory listing.
 - Request that *Alio* be updated to included asset tag numbers 86118, 86119, and 86120 in the Jail Commissary asset inventory listing.
7. Management ensure that capital assets are properly recorded and depreciated. We recommend that the purchase of capital assets (assets with a unit acquisition price of more than \$5,000.00) be done through the Auditor's Office Accounts Payable division. This would be done by transferring the funds to the Treasurer's Office, obtaining a purchase order by the Purchasing Department, and submitting the invoice to the Auditor's Office for payment. This process will ensure that capital assets are properly accounted for and properly depreciated.

Please provide a management response to the findings noted above by January 5, 2024. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

HIDALGO COUNTY DISTRICT JUDGES

If you have any questions regarding the requested information, please contact Alejandro Torres, Internal Auditor II, at 318-2511 at ext. 4644, Corina Martinez, Compliance Audit Supervisor, ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at 4651.

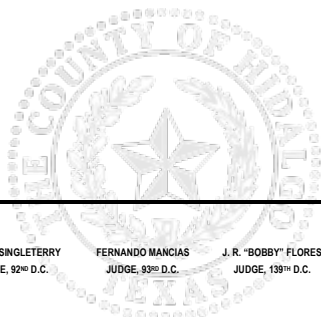
Respectfully,



Letty Chavez
County Auditor

Enclosures: Management Response Forms

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, Commissioners Court Executive Officer
Mr. Brandon Wood, Executive Director, Texas Commission on Jail Standards
Ms. Myra Montoya, Budget Manager II, Sheriff's Office
Mr. Steve Herrera, Jail Division Chief, Sheriff's Office



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EXHIBIT A

	Vendor	Invoice #	Invoice Date	Contract	Contract Item Number	Invoice Unit Price	Contract Unit Price	Amount Overpaid
1	ICS Jail Supplies, Inc.	W48817-01	1/11/2022	E-21-123(D)-10-05	24	\$ 0.82	\$ 0.66	\$ 1.96
2	ICS Jail Supplies, Inc.	W48817-01	1/11/2022	E-21-123(D)-10-05	23	\$ 0.52	\$ 0.45	\$ 4.44
3	Keefe	1543577	1/18/2022	E-21-123(B)-10-05	96	\$ 1.16	\$ 1.05	\$ 38.10
4	Keefe	1543577	1/18/2022	E-21-123(B)-10-05	88	\$ 0.29	\$ 0.25	\$ 8.10
5	Keefe	1543577	1/18/2022	E-21-123(B)-10-05	8	\$ 0.29	\$ 0.25	\$ 16.20
6	Keefe	1543577	1/18/2022	E-21-123(B)-10-05	107	\$ 0.29	\$ 0.25	\$ 16.20
7	Keefe	1543577	1/18/2022	E-21-123(B)-10-05	49	\$ 0.37	\$ 0.32	\$ 92.10
8	Keefe	1543577	1/18/2022	E-21-123(B)-10-05	94	\$ 0.98	\$ 0.85	\$ 184.00
9	Keefe	1543577	1/18/2022	E-21-123(B)-10-05	40	\$ 0.40	\$ 0.35	\$ 33.60
10	Keefe	1549413	1/27/2022	E-21-123(B)-10-05	96	\$ 1.16	\$ 1.05	\$ 38.10
11	Keefe	1549413	1/27/2022	E-21-123(B)-10-05	49	\$ 0.37	\$ 0.32	\$ 122.80
12	Keefe	1549413	1/27/2022	E-21-123(B)-10-05	40	\$ 0.40	\$ 0.35	\$ 33.60
13	Keefe	1570420	3/29/2022	E-21-123(B)-10-05	94	\$ 0.98	\$ 0.85	\$ 13.80
14	R&R Distributing	9614	4/18/2022	E-21-123(C)-10-05	4	\$ 1.77	\$ 1.43	\$ 183.60
15	R&R Distributing	9614	4/18/2022	E-21-123(C)-10-05	12	\$ 1.46	\$ 1.17	\$ 232.00
16	Keefe	1576895	4/19/2022	E-21-123(B)-10-05	96	\$ 1.16	\$ 1.05	\$ 38.10
17	Keefe	1576895	4/19/2022	E-21-123(B)-10-05	15	\$ 1.27	\$ 1.10	\$ 7.92
18	Keefe	1576895	4/19/2022	E-21-123(B)-10-05	15	\$ 1.27	\$ 1.10	\$ 7.92
19	Keefe	1576895	4/19/2022	E-21-123(B)-10-05	107	\$ 0.29	\$ 0.25	\$ 10.80
20	Keefe	1576895	4/19/2022	E-21-123(B)-10-05	49	\$ 0.37	\$ 0.32	\$ 92.10
21	Keefe	1576895	4/19/2022	E-21-123(B)-10-05	94	\$ 0.98	\$ 0.85	\$ 69.00
22	Keefe	1576895	4/19/2022	E-21-123(B)-10-05	30	\$ 0.52	\$ 0.45	\$ 194.40
23	Keefe	1576895	4/19/2022	E-21-123(B)-10-05	40	\$ 0.40	\$ 0.35	\$ 33.60
24	Keefe	1576895	4/19/2022	E-21-123(B)-10-05	59	\$ 1.00	\$ 0.84	\$ 28.80
25	Keefe	1593479	5/31/2022	E-21-123(B)-10-05	8	\$ 0.29	\$ 0.25	\$ 13.50
26	Keefe	1593479	5/31/2022	E-21-123(B)-10-05	107	\$ 0.29	\$ 0.25	\$ 13.50
27	ICS Jail Supplies, Inc.	W52852-00	6/14/2022	E-21-123(D)-10-05	31	\$ 0.71	\$ 0.59	\$ 240.00
28	ICS Jail Supplies, Inc.	W51873-00	6/14/2022	E-21-123(D)-10-05	33	\$ 0.10	\$ 0.08	\$ 88.00
29	ICS Jail Supplies, Inc.	W51873-00	6/14/2022	E-21-123(D)-10-05	23	\$ 0.52	\$ 0.45	\$ 8.88
30	ICS Jail Supplies, Inc.	W51873-00	6/14/2022	E-21-123(D)-10-05	39	\$ 4.34	\$ 3.81	\$ 19.20
31	ICS Jail Supplies, Inc.	W51873-00	6/14/2022	E-21-123(D)-10-05	39	\$ 4.56	\$ 3.81	\$ 27.15
32	ICS Jail Supplies, Inc.	W51873-00	6/14/2022	E-21-123(D)-10-05	39	\$ 4.88	\$ 3.81	\$ 38.61
33	ICS Jail Supplies, Inc.	W51873-00	6/14/2022	E-21-123(D)-10-05	40	\$ 0.16	\$ 0.15	\$ 1.20
34	ICS Jail Supplies, Inc.	W51873-09	6/14/2022	E-21-123(D)-10-05	21	\$ 0.83	\$ 0.71	\$ 14.16
35	R&R Distributing	9619	6/15/2022	E-21-123(C)-10-05	12	\$ 1.46	\$ 1.17	\$ 464.00
36	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	240	\$ 0.63	\$ 0.50	\$ 30.00
37	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	240	\$ 0.63	\$ 0.55	\$ 18.00
38	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	5000	\$ 0.11	\$ 0.09	\$ 112.50
39	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	1200	\$ 0.73	\$ 0.58	\$ 174.00
40	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	2880	\$ 0.21	\$ 0.20	\$ 49.20
41	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	2880	\$ 0.21	\$ 0.20	\$ 49.20
42	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	180	\$ 0.67	\$ 0.53	\$ 24.30
43	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	180	\$ 0.67	\$ 0.53	\$ 24.30
44	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	360	\$ 0.50	\$ 0.40	\$ 36.00
45	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	180	\$ 1.26	\$ 1.01	\$ 45.15
46	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	5760	\$ 0.21	\$ 0.20	\$ 98.40
47	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	360	\$ 1.38	\$ 1.10	\$ 99.00
48	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	960	\$ 2.35	\$ 2.05	\$ 286.80
49	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	144	\$ 1.31	\$ 1.05	\$ 37.80
50	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	144	\$ 1.38	\$ 1.10	\$ 39.60

51	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	400	\$ 0.36	\$ 0.12	\$ 96.00
52	Keefe	1611173	7/23/2022	E-21-123(B)-10-05	96	\$ 1.89	\$ 0.65	\$ 119.04
53	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	144	\$ 0.75	\$ 0.60	\$ 21.60
54	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	2880	\$ 0.55	\$ 0.44	\$ 316.80
55	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	360	\$ 0.29	\$ 0.25	\$ 13.50
56	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	240	\$ 0.23	\$ 0.18	\$ 10.80
57	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	1800	\$ 0.98	\$ 0.85	\$ 230.00
58	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	640	\$ 0.40	\$ 0.35	\$ 33.60
59	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	108	\$ 1.98	\$ 1.58	\$ 42.66
60	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	144	\$ 0.46	\$ 0.37	\$ 13.32
61	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	288	\$ 0.46	\$ 0.37	\$ 26.64
62	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	180	\$ 1.11	\$ 0.89	\$ 39.90
63	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	36	\$ 1.00	\$ 0.80	\$ 7.20
64	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	1080	\$ 0.28	\$ 0.25	\$ 27.00
65	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	96	\$ 1.66	\$ 1.33	\$ 31.92
66	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	270	\$ 0.44	\$ 0.35	\$ 23.60
67	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	270	\$ 0.44	\$ 0.35	\$ 23.60
68	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	144	\$ 0.60	\$ 0.48	\$ 17.28
69	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	216	\$ 0.64	\$ 0.51	\$ 27.54
70	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	216	\$ 0.64	\$ 0.51	\$ 27.54
71	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	216	\$ 0.64	\$ 0.51	\$ 27.54
72	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	216	\$ 0.64	\$ 0.51	\$ 27.54
73	Keefe	1611173	7/22/2022	E-21-123(B)-10-05	900	\$ 0.31	\$ 0.25	\$ 56.25
74	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	2880	\$ 0.21	\$ 0.20	\$ 49.20
75	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	2880	\$ 0.21	\$ 0.20	\$ 49.20
76	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	2880	\$ 0.21	\$ 0.20	\$ 49.20
77	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	120	\$ 2.54	\$ 2.03	\$ 60.90
78	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	240	\$ 0.67	\$ 0.53	\$ 32.40
79	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	240	\$ 0.67	\$ 0.53	\$ 32.40
80	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	900	\$ 0.50	\$ 0.40	\$ 90.00
81	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	360	\$ 1.26	\$ 1.01	\$ 90.30
82	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	5760	\$ 0.21	\$ 0.20	\$ 98.41
83	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	72	\$ 1.27	\$ 1.10	\$ 11.88
84	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	72	\$ 1.27	\$ 1.10	\$ 11.88
85	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	960	\$ 1.38	\$ 1.10	\$ 264.00
86	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	480	\$ 2.35	\$ 2.05	\$ 143.40
87	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	120	\$ 1.31	\$ 1.05	\$ 31.50
88	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	120	\$ 1.38	\$ 1.10	\$ 33.00
89	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	800	\$ 0.52	\$ 0.12	\$ 320.00
90	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	480	\$ 0.75	\$ 0.60	\$ 72.00
91	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	600	\$ 1.89	\$ 0.65	\$ 744.00
92	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	360	\$ 0.29	\$ 0.25	\$ 13.50
93	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	240	\$ 0.23	\$ 0.18	\$ 10.80
94	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	2240	\$ 0.37	\$ 0.32	\$ 107.45
95	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	1440	\$ 0.98	\$ 0.85	\$ 184.00
96	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	2880	\$ 0.52	\$ 0.45	\$ 194.40
97	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	2880	\$ 0.52	\$ 0.45	\$ 194.40
98	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	2880	\$ 0.52	\$ 0.45	\$ 194.40
99	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	640	\$ 0.40	\$ 0.35	\$ 33.60
100	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	250	\$ 0.53	\$ 0.30	\$ 18.70
101	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	72	\$ 1.24	\$ 0.99	\$ 17.82
102	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	240	\$ 0.58	\$ 0.46	\$ 27.60
103	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	480	\$ 1.11	\$ 0.89	\$ 106.40
104	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	2160	\$ 0.28	\$ 0.25	\$ 54.00
105	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	2160	\$ 0.34	\$ 0.27	\$ 145.92

106	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	900	\$ 1.66	\$ 1.33	\$ 299.25
107	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	270	\$ 0.44	\$ 0.35	\$ 23.60
108	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	270	\$ 0.44	\$ 0.35	\$ 23.60
109	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	600	\$ 0.31	\$ 0.25	\$ 37.50
110	Keefe	1617588	7/29/2022	E-21-123(B)-10-05	576	\$ 0.49	\$ 0.39	\$ 56.16
111	R&R Distributing	9622	8/15/2022	E-21-123(C)-10-05	1	\$ 1.77	\$ 1.43	\$ 321.30
112	R&R Distributing	9622	8/15/2022	E-21-123(C)-10-05	4	\$ 1.10	\$ 0.90	\$ 19.20
113	R&R Distributing	9622	8/15/2022	E-21-123(C)-10-05	8	\$ 1.18	\$ 0.95	\$ 82.80
114	R&R Distributing	9622	8/15/2022	E-21-123(C)-10-05	10	\$ 1.25	\$ 1.00	\$ 11.75
115	ICS Jail Supplies, Inc.	W53917-01	9/19/2022	E-21-123(D)-10-05	21	\$ 0.83	\$ 0.71	\$ 7.08
116	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	90	\$ 0.21	\$ 0.20	\$ 49.20
117	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	90	\$ 0.21	\$ 0.20	\$ 49.20
118	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	90	\$ 0.21	\$ 0.20	\$ 49.20
119	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	116	\$ 2.54	\$ 2.03	\$ 243.60
120	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	75	\$ 0.67	\$ 0.53	\$ 97.20
121	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	63	\$ 0.67	\$ 0.53	\$ 32.40
122	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	90	\$ 0.21	\$ 0.20	\$ 98.41
123	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	15	\$ 1.27	\$ 1.10	\$ 11.88
124	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	15	\$ 1.27	\$ 1.10	\$ 3.96
125	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	15	\$ 1.27	\$ 1.10	\$ 11.88
126	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	42	\$ 1.38	\$ 1.10	\$ 99.00
127	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	38	\$ 1.38	\$ 1.10	\$ 19.80
128	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	23	\$ 1.38	\$ 1.10	\$ 132.00
129	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	37	\$ 1.38	\$ 1.10	\$ 19.80
130	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	67	\$ 2.35	\$ 2.05	\$ 573.60
131	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	46	\$ 1.31	\$ 1.05	\$ 18.90
132	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	111	\$ 1.38	\$ 1.10	\$ 19.80
133	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	48	\$ 0.75	\$ 0.60	\$ 72.00
134	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	107	\$ 0.29	\$ 0.25	\$ 21.60
135	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	97	\$ 0.23	\$ 0.18	\$ 10.80
136	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	49	\$ 0.37	\$ 0.32	\$ 122.80
137	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	94	\$ 0.98	\$ 0.85	\$ 184.00
138	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	30	\$ 0.52	\$ 0.45	\$ 194.40
139	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	30	\$ 0.52	\$ 0.45	\$ 194.40
140	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	35	\$ 0.90	\$ 0.72	\$ 64.80
141	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	109	\$ 2.66	\$ 2.13	\$ 95.85
142	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	33	\$ 1.23	\$ 0.98	\$ 5.88
143	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	27	\$ 1.98	\$ 1.58	\$ 47.40
144	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	128	\$ 0.43	\$ 0.34	\$ 10.20
145	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	129	\$ 0.58	\$ 0.46	\$ 20.70
146	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	100	\$ 1.11	\$ 0.89	\$ 53.20
147	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	28	\$ 1.00	\$ 0.80	\$ 12.00
148	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	66	\$ 0.34	\$ 0.24	\$ 137.60
149	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	104	\$ 1.66	\$ 1.33	\$ 239.40
150	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	54	\$ 0.63	\$ 0.50	\$ 22.50
151	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	108	\$ 0.63	\$ 0.55	\$ 9.00
152	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	78	\$ 0.44	\$ 0.35	\$ 33.04
153	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	78	\$ 0.44	\$ 0.35	\$ 33.04
154	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	21	\$ 0.60	\$ 0.48	\$ 17.28
155	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	34	\$ 0.64	\$ 0.51	\$ 18.36
156	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	34	\$ 0.64	\$ 0.51	\$ 13.77
157	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	34	\$ 0.64	\$ 0.51	\$ 22.95
158	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	34	\$ 0.64	\$ 0.51	\$ 9.18
159	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	103	\$ 0.31	\$ 0.25	\$ 37.50
160	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	2	\$ 0.75	\$ 0.60	\$ 3.60

161	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	118	\$ 0.11	\$ 0.09	\$ 112.50
162	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	113	\$ 0.46	\$ 0.37	\$ 13.32
163	Keefe	1630098	9/2/2022	E-21-123(B)-10-05	95	\$ 2.75	\$ 2.20	\$ 52.80
164	Keefe	1629691	8/31/2022	E-21-123(B)-10-05	121	\$ 6.78	\$ 5.43	\$ 64.80
165	Keefe	1629691	8/31/2022	E-21-123(B)-10-05	121	\$ 6.78	\$ 5.43	\$ 32.40
166	Keefe	1629691	8/31/2022	E-21-123(B)-10-05	121	\$ 6.78	\$ 5.43	\$ 64.80
167	Keefe	1629691	8/31/2022	E-21-123(B)-10-05	121	\$ 6.78	\$ 5.43	\$ 64.80
168	Keefe	W5599800	10/17/2022	E-21-123(B)-10-05	33	\$ 0.22	\$ 0.08	\$ 408.00
169	Keefe	W5599800	10/17/2022	E-21-123(B)-10-05	90	\$ 0.30	\$ 0.15	\$ 35.20
170	Keefe	1639186	10/4/2022	E-21-123(B)-10-05	90	\$ 0.21	\$ 0.20	\$ 49.20
171	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	75	\$ 0.21	\$ 0.20	\$ 49.20
172	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	63	\$ 0.67	\$ 0.53	\$ 32.40
173	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	96	\$ 0.67	\$ 0.53	\$ 32.40
174	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	90	\$ 1.26	\$ 1.01	\$ 120.40
175	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	42	\$ 0.21	\$ 0.20	\$ 98.40
176	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	23	\$ 1.38	\$ 1.10	\$ 99.00
177	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	46	\$ 1.38	\$ 1.10	\$ 132.00
178	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	111	\$ 1.31	\$ 1.05	\$ 31.50
179	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	48	\$ 1.38	\$ 1.10	\$ 33.00
180	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	97	\$ 0.75	\$ 0.60	\$ 36.00
181	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	49	\$ 0.23	\$ 0.18	\$ 10.80
182	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	94	\$ 0.37	\$ 0.32	\$ 61.40
183	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	30	\$ 0.98	\$ 0.85	\$ 92.00
184	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	120	\$ 0.52	\$ 0.45	\$ 16.20
185	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	78	\$ 0.43	\$ 0.34	\$ 20.40
186	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	78	\$ 0.44	\$ 0.35	\$ 18.88
187	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	21	\$ 0.44	\$ 0.35	\$ 18.88
188	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	34	\$ 0.60	\$ 0.48	\$ 17.28
189	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	34	\$ 0.64	\$ 0.51	\$ 13.77
190	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	34	\$ 0.64	\$ 0.51	\$ 13.77
191	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	34	\$ 0.64	\$ 0.51	\$ 13.77
192	Keefe	1669186	10/4/2022	E-21-123(B)-10-05	90	\$ 0.64	\$ 0.51	\$ 13.77
193	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	116	\$ 0.21	\$ 0.20	\$ 49.20
194	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	75	\$ 2.54	\$ 2.03	\$ 73.08
195	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	63	\$ 0.67	\$ 0.53	\$ 32.40
196	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	96	\$ 0.67	\$ 0.53	\$ 40.50
197	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	90	\$ 1.26	\$ 1.05	\$ 98.80
198	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	15	\$ 0.21	\$ 0.20	\$ 98.41
199	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	15	\$ 1.27	\$ 1.10	\$ 11.88
200	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	15	\$ 1.27	\$ 1.10	\$ 15.84
201	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	42	\$ 1.27	\$ 1.10	\$ 7.92
202	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	38	\$ 1.38	\$ 1.10	\$ 165.00
203	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	23	\$ 1.38	\$ 1.10	\$ 19.80
204	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	37	\$ 1.38	\$ 1.10	\$ 165.00
205	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	46	\$ 1.38	\$ 1.10	\$ 19.80
206	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	111	\$ 1.31	\$ 1.05	\$ 37.80
207	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	48	\$ 1.38	\$ 1.10	\$ 39.60
208	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	107	\$ 0.75	\$ 0.60	\$ 54.00
209	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	97	\$ 0.29	\$ 0.25	\$ 27.00
210	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	49	\$ 0.23	\$ 0.18	\$ 10.80
211	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	94	\$ 0.37	\$ 0.32	\$ 122.80
212	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	30	\$ 0.98	\$ 0.85	\$ 128.80
213	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	30	\$ 0.52	\$ 0.45	\$ 194.40
214	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	40	\$ 0.52	\$ 0.45	\$ 194.40
215	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	24	\$ 0.40	\$ 0.35	\$ 33.60

216	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	114	\$ 0.39	\$ 0.31	\$ 11.16
217	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	27	\$ 1.28	\$ 1.02	\$ 12.24
218	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	108	\$ 1.98	\$ 1.58	\$ 37.92
219	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	129	\$ 0.64	\$ 0.55	\$ 86.40
220	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	100	\$ 0.58	\$ 0.46	\$ 13.80
221	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	44	\$ 1.11	\$ 0.89	\$ 26.60
222	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	120	\$ 0.28	\$ 0.25	\$ 72.00
223	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	104	\$ 0.43	\$ 0.34	\$ 20.40
224	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	108	\$ 0.63	\$ 0.55	\$ 9.00
225	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	78	\$ 1.66	\$ 1.33	\$ 79.80
226	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	78	\$ 0.44	\$ 0.35	\$ 23.60
227	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	21	\$ 0.44	\$ 0.35	\$ 23.60
228	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	34	\$ 0.60	\$ 0.48	\$ 17.28
229	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	34	\$ 0.64	\$ 0.51	\$ 22.95
230	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	34	\$ 0.64	\$ 0.51	\$ 13.77
231	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	34	\$ 0.64	\$ 0.51	\$ 22.95
232	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	103	\$ 0.64	\$ 0.51	\$ 13.77
233	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	113	\$ 0.31	\$ 0.25	\$ 37.50
234	Keefe	1637066	10/4/2022	E-21-123(B)-10-05	96	\$ 0.46	\$ 0.37	\$ 8.88
235	R&R Distributing	9628	11/3/2022	E-21-123(C)-10-05	4	\$ 1.77	\$ 1.43	\$ 367.20
236	R&R Distributing	9628	11/3/2022	E-21-123(C)-10-05	10	\$ 1.18	\$ 0.95	\$ 110.40
237	Keefe	1657521	11/16/2022	E-21-123(B)-10-05	96	\$ 1.26	\$ 1.01	\$ 120.40
238	Keefe	1657521	11/16/2022	E-21-123(B)-10-05	22	\$ 1.41	\$ 1.13	\$ 33.90
239	Keefe	1657521	11/16/2022	E-21-123(B)-10-05	91	\$ 3.88	\$ 3.10	\$ 13.95

\$ 234.13 \$ 189.42 \$ 17,133.93

Exhibit B

TAG NO	Alio Tag Description
1	LE0909 GTR 8000 EXPANDABLE SITE SUBSYSTEM (2CH
2	LE0910 MCC 7500e DISPATCH (Z2 G5 COMPUTER)
3	LE0911 MCC 7500e DISPATCH (Z2 G5 COMPUTER)
4	LE0912 ASTRO NETWORK MGMT SW (Z2 G5 COMPUTER)
5	LE0913 GGM 8000 GATEWAY SITE CONTROLLER (24P)
6	LE0914 MOTOROLA APX 8500 CONSOLLETE
7	LE0915 MOTOROLA APX 8500 CONSOLLETE
8	LE0916 MOTOROLA APX 8500 CONSOLLETE
9	LE0917 MOTOROLA APX 8500 CONSOLLETE
10	LE0918 MOTOROLA APX 8500 CONSOLLETE
11	LE0919 MOTOROLA APX 8500 CONSOLLETE
12	LE0920 MOTOROLA APX 6500 CTRL STATION (MOBILE)
13	LE0921 MOTOROLA APX 6500 CTRL STATION (MOBILE)
14	LE0922 MOTOROLA 8CH CTRL STATION COMBINER
15	LE0923 MOTOROLA APX 6500 MOBILE RADIO
16	LE0924 MOTOROLA APX 6500 MOBILE RADIO
17	LE0925 MOTOROLA APX 6500 MOBILE RADIO
18	LE0926 MOTOROLA APX 6500 MOBILE RADIO
19	LE0927 MOTOROLA APX 6500 MOBILE RADIO
20	LE0928 MOTOROLA APX 6500 MOBILE RADIO
21	VT1143 MOTOROLA APX 6000 PORTABLE RADIO
22	VT1144 MOTOROLA APX 6000 PORTABLE RADIO
23	VT1145 MOTOROLA APX 6000 PORTABLE RADIO
24	VT1146 MOTOROLA APX 6000 PORTABLE RADIO
25	VT1147 MOTOROLA APX 6000 PORTABLE RADIO
26	VT1148 MOTOROLA APX 6000 PORTABLE RADIO
27	VT1149 MOTOROLA APX 900 PORTABLE RADIO
28	VT1150 MOTOROLA APX 900 PORTABLE RADIO
29	VT1151 MOTOROLA APX 900 PORTABLE RADIO
30	VT1152 MOTOROLA APX 900 PORTABLE RADIO
31	VT1153 MOTOROLA APX 900 PORTABLE RADIO
32	VT1154 MOTOROLA APX 900 PORTABLE RADIO
33	VT1155 MOTOROLA APX 900 PORTABLE RADIO
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37	VT1159 MOTOROLA APX 900 PORTABLE RADIO
38	VT1160 MOTOROLA APX 900 PORTABLE RADIO
39	VT1161 MOTOROLA APX 900 PORTABLE RADIO
40	VT1162 MOTOROLA APX 900 PORTABLE RADIO
41	VT1163 MOTOROLA APX 900 PORTABLE RADIO
42	VT1164 MOTOROLA APX 900 PORTABLE RADIO
43	VT1165 MOTOROLA APX 900 PORTABLE RADIO
44	VT1166 MOTOROLA APX 900 PORTABLE RADIO

45	VT1167	MOTOROLA APX 900 PORTABLE RADIO
46	VT1168	MOTOROLA APX 900 PORTABLE RADIO
47	VT1169	MOTOROLA APX 900 PORTABLE RADIO
48	VT1170	MOTOROLA APX 900 PORTABLE RADIO
49	VT1171	MOTOROLA APX 900 PORTABLE RADIO
50	VT1172	MOTOROLA APX 900 PORTABLE RADIO
51	VT1173	MOTOROLA APX 900 PORTABLE RADIO
52	VT1174	MOTOROLA APX 900 PORTABLE RADIO
53	VT1175	MOTOROLA APX 900 PORTABLE RADIO
54	VT1176	MOTOROLA APX 900 PORTABLE RADIO
55	VT1177	MOTOROLA APX 900 PORTABLE RADIO
56	VT1178	MOTOROLA APX 900 PORTABLE RADIO
57	VT1179	MOTOROLA APX 900 PORTABLE RADIO
58	VT1180	MOTOROLA APX 900 PORTABLE RADIO
59	VT1181	MOTOROLA APX 900 PORTABLE RADIO
60	VT1182	MOTOROLA APX 900 PORTABLE RADIO
61	VT1183	MOTOROLA APX 900 PORTABLE RADIO
62	VT1184	MOTOROLA APX 900 PORTABLE RADIO
63	VT1185	MOTOROLA APX 900 PORTABLE RADIO
64	VT1186	MOTOROLA APX 900 PORTABLE RADIO
65	VT1187	MOTOROLA APX 900 PORTABLE RADIO
66	VT1188	MOTOROLA APX 900 PORTABLE RADIO
67	VT1189	MOTOROLA APX 900 PORTABLE RADIO
68	VT1190	MOTOROLA APX 900 PORTABLE RADIO
69	VT1191	MOTOROLA APX 900 PORTABLE RADIO
70	VT1192	MOTOROLA APX 900 PORTABLE RADIO
71	VT1193	MOTOROLA APX 900 PORTABLE RADIO
72	VT1194	MOTOROLA APX 900 PORTABLE RADIO
73	VT1195	MOTOROLA APX 900 PORTABLE RADIO
74	VT1196	MOTOROLA APX 900 PORTABLE RADIO
75	VT1197	MOTOROLA APX 900 PORTABLE RADIO
76	VT1198	MOTOROLA APX 900 PORTABLE RADIO
77	VT1199	MOTOROLA APX 900 PORTABLE RADIO
78	VT1200	MOTOROLA APX 900 PORTABLE RADIO
79	VT1201	MOTOROLA APX 900 PORTABLE RADIO
80	VT1202	MOTOROLA APX 900 PORTABLE RADIO
81	VT1203	MOTOROLA APX 900 PORTABLE RADIO
82	VT1204	MOTOROLA APX 900 PORTABLE RADIO
83	VT1205	MOTOROLA APX 900 PORTABLE RADIO
84	VT1206	MOTOROLA APX 900 PORTABLE RADIO
85	VT1207	MOTOROLA APX 900 PORTABLE RADIO
86	VT1208	MOTOROLA APX 900 PORTABLE RADIO
87	VT1209	MOTOROLA APX 900 PORTABLE RADIO
88	VT1210	MOTOROLA APX 900 PORTABLE RADIO
89	VT1211	MOTOROLA APX 900 PORTABLE RADIO
90	VT1212	MOTOROLA APX 900 PORTABLE RADIO
91	VT1213	MOTOROLA APX 900 PORTABLE RADIO
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96	VT1218	MOTOROLA APX 900 PORTABLE RADIO
97	VT1219	MOTOROLA APX 900 PORTABLE RADIO
98	VT1220	MOTOROLA APX 900 PORTABLE RADIO
99	VT1221	MOTOROLA APX 900 PORTABLE RADIO
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102	VT1224	MOTOROLA APX 900 PORTABLE RADIO
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111	VT1233	MOTOROLA APX 900 PORTABLE RADIO
112	VT1234	MOTOROLA APX 900 PORTABLE RADIO
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118	VT1240	MOTOROLA APX 900 PORTABLE RADIO
119	VT1241	MOTOROLA APX 900 PORTABLE RADIO
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121	VT1243	MOTOROLA APX 900 PORTABLE RADIO
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123	VT1245	MOTOROLA APX 900 PORTABLE RADIO
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125	VT1247	MOTOROLA APX 900 PORTABLE RADIO
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147	VT1269	MOTOROLA APX 900 PORTABLE RADIO
148	VT1270	MOTOROLA APX 900 PORTABLE RADIO
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159	VT1281	MOTOROLA APX 900 PORTABLE RADIO
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177	VT1299	MOTOROLA APX 900 PORTABLE RADIO
178	VT1300	MOTOROLA APX 900 PORTABLE RADIO
179	VT1301	MOTOROLA APX 900 PORTABLE RADIO
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223	VT1345	MOTOROLA APX 900 PORTABLE RADIO
224	VT1346	MOTOROLA APX 900 PORTABLE RADIO
225	VT1347	MOTOROLA APX 900 PORTABLE RADIO
226	VT1348	MOTOROLA APX 900 PORTABLE RADIO
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237	VT1359	MOTOROLA APX 900 PORTABLE RADIO
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239	VT1361	MOTOROLA APX 900 PORTABLE RADIO
240	VT1362	MOTOROLA APX 900 PORTABLE RADIO
241	VT1363	MOTOROLA APX 900 PORTABLE RADIO
242	VT1364	MOTOROLA APX 900 PORTABLE RADIO
243	VT1365	MOTOROLA APX 900 PORTABLE RADIO
244	VT1366	MOTOROLA APX 900 PORTABLE RADIO
245	VT1367	MOTOROLA APX 900 PORTABLE RADIO
246	VT1368	MOTOROLA APX 900 PORTABLE RADIO
247	VT1369	MOTOROLA APX 900 PORTABLE RADIO
248	VT1370	MOTOROLA APX 900 PORTABLE RADIO
249	VT1371	MOTOROLA APX 900 PORTABLE RADIO
250	VT1372	MOTOROLA APX 900 PORTABLE RADIO
251	VT1373	MOTOROLA APX 900 PORTABLE RADIO
252	VT1374	MOTOROLA APX 900 PORTABLE RADIO
253	VT1375	MOTOROLA APX 900 PORTABLE RADIO
254	VT1376	MOTOROLA APX 900 PORTABLE RADIO
255	VT1377	MOTOROLA APX 900 PORTABLE RADIO
256	VT1378	MOTOROLA APX 900 PORTABLE RADIO
257	VT1379	MOTOROLA APX 900 PORTABLE RADIO
258	VT1380	MOTOROLA APX 900 PORTABLE RADIO
259	VT1381	MOTOROLA APX 900 PORTABLE RADIO
260	VT1382	MOTOROLA APX 900 PORTABLE RADIO
261	VT1383	MOTOROLA APX 900 PORTABLE RADIO
262	VT1384	MOTOROLA APX 900 PORTABLE RADIO
263	VT1385	MOTOROLA APX 900 PORTABLE RADIO
264	VT1386	MOTOROLA APX 900 PORTABLE RADIO
265	VT1387	MOTOROLA APX 900 PORTABLE RADIO
266	VT1388	MOTOROLA APX 900 PORTABLE RADIO
267	VT1389	MOTOROLA APX 900 PORTABLE RADIO
268	VT1390	MOTOROLA APX 900 PORTABLE RADIO
269	VT1391	MOTOROLA APX 900 PORTABLE RADIO
270	VT1392	MOTOROLA APX 900 PORTABLE RADIO
271	VT1393	MOTOROLA APX 900 PORTABLE RADIO
272	VT1394	MOTOROLA APX 900 PORTABLE RADIO
273	VT1395	MOTOROLA APX 900 PORTABLE RADIO
274	VT1396	MOTOROLA APX 900 PORTABLE RADIO
275	VT1397	MOTOROLA APX 900 PORTABLE RADIO
276	VT1398	MOTOROLA APX 900 PORTABLE RADIO
277	VT1399	MOTOROLA APX 900 PORTABLE RADIO
278	VT1400	MOTOROLA APX 900 PORTABLE RADIO

279	VT1401	MOTOROLA APX 900 PORTABLE RADIO
280	VT1402	MOTOROLA APX 900 PORTABLE RADIO
281	VT1403	MOTOROLA APX 900 PORTABLE RADIO
282	VT1404	MOTOROLA APX 900 PORTABLE RADIO
283	VT1405	MOTOROLA APX 900 PORTABLE RADIO
284	VT1406	MOTOROLA APX 900 PORTABLE RADIO
285	VT1407	MOTOROLA APX 900 PORTABLE RADIO
286	VT1408	MOTOROLA APX 900 PORTABLE RADIO
287	VT1409	MOTOROLA APX 900 PORTABLE RADIO
288	VT1410	MOTOROLA APX 900 PORTABLE RADIO
289	VT1411	MOTOROLA APX 900 PORTABLE RADIO
290	VT1412	MOTOROLA APX 900 PORTABLE RADIO
291	VT1413	MOTOROLA APX 900 PORTABLE RADIO
292	VT1414	MOTOROLA APX 900 PORTABLE RADIO
293	VT1415	MOTOROLA APX 900 PORTABLE RADIO
294	VT1416	MOTOROLA APX 900 PORTABLE RADIO
295	VT1417	MOTOROLA APX 900 PORTABLE RADIO
296	VT1418	MOTOROLA APX 900 PORTABLE RADIO
297	VT1419	MOTOROLA APX 900 PORTABLE RADIO
298	VT1420	MOTOROLA APX 900 PORTABLE RADIO
299	VT1421	MOTOROLA APX 900 PORTABLE RADIO
300	VT1422	MOTOROLA APX 900 PORTABLE RADIO
301	VT1423	MOTOROLA APX 900 PORTABLE RADIO
302	VT1424	MOTOROLA APX 900 PORTABLE RADIO
303	VT1425	MOTOROLA APX 900 PORTABLE RADIO
304	VT1426	MOTOROLA APX 900 PORTABLE RADIO
305	VT1427	MOTOROLA APX 900 PORTABLE RADIO
306	VT1428	MOTOROLA APX 900 PORTABLE RADIO
307	VT1429	MOTOROLA APX 900 PORTABLE RADIO
308	VT1430	MOTOROLA APX 900 PORTABLE RADIO
309	VT1431	MOTOROLA APX 900 PORTABLE RADIO
310	VT1432	MOTOROLA APX 900 PORTABLE RADIO
311	VT1433	MOTOROLA APX 900 PORTABLE RADIO
312	VT1434	MOTOROLA APX 900 PORTABLE RADIO
313	VT1435	MOTOROLA APX 900 PORTABLE RADIO
314	VT1436	MOTOROLA APX 900 PORTABLE RADIO
315	VT1437	MOTOROLA APX 900 PORTABLE RADIO
316	VT1438	MOTOROLA APX 900 PORTABLE RADIO
317	VT1439	MOTOROLA APX 900 PORTABLE RADIO
318	VT1440	MOTOROLA APX 900 PORTABLE RADIO
319	VT1441	MOTOROLA APX 900 PORTABLE RADIO
320	VT1442	MOTOROLA APX 900 PORTABLE RADIO
321	VT1443	MOTOROLA APX 900 PORTABLE RADIO
322	VT1444	MOTOROLA APX 900 PORTABLE RADIO
323	VT1445	MOTOROLA APX 900 PORTABLE RADIO
324	VT1446	MOTOROLA APX 900 PORTABLE RADIO
325	VT1447	MOTOROLA APX 900 PORTABLE RADIO
326	VT1448	MOTOROLA APX 900 PORTABLE RADIO

EXHIBIT C

TAG NO	Alio Tag Description	VIN/Serial #
1 78930	DELL OPTIPLEX 7470 XCTO DESKTOP	HGHPF33
2 78931	DELL OPTIPLEX 7470 XCTO DESKTOP	HGHQF33
3 78932	DELL OPTIPLEX 7470 XCTO DESKTOP	HGJKR33
4 79124	DELL OPTIPLEX 5070 MICRO XCTO DESKTOP	HBQ6Z43
5 79125	DELL OPTIPLEX 5070 MICRO XCTO DESKTOP	FBQ6Z43
6 79126	DELL OPTIPLEX 5070 MICRO XCTO DESKTOP	CBQ6Z43
7 79127	DELL OPTIPLEX 5070 MICRO XCTO DESKTOP	BBQ6Z43
8 79128	DELL OPTIPLEX 5070 MICRO XCTO DESKTOP	GBQ6Z43
9 79129	DELL OPTIPLEX 5070 MICRO XCTO DESKTOP	DBQ6Z43

EXHIBIT D

TAG NO	Alio Tag Description
1 85421	CISCO NEXUS 9300 SWITCH
2 85422	CISCO NEXUS 9300 SWITCH
3 85423	CISCO CATALYST 9200 48P SWITCH
4 85424	CISCO CATALYST 9200 48P SWITCH
5 85425	CISCO CATALYST 9200 48P SWITCH
6 85426	CISCO CATALYST 9200 48P SWITCH
7 85427	CISCO CATALYST 9200 48P SWITCH
8 85428	CISCO CATALYST 9200 48P SWITCH
9 85429	CISCO CATALYST 9200 48P SWITCH
10 85430	CISCO CATALYST 9200 48P SWITCH
11 85431	CISCO CATALYST 9200 48P SWITCH
12 85432	CISCO CATALYST 9200 48P SWITCH
13 85433	CISCO CATALYST 9200 48P SWITCH
14 85434	CISCO CATALYST 9200 48P SWITCH
15 85435	CISCO CATALYST 9200 48P SWITCH
16 85436	CISCO CATALYST 9200 48P SWITCH
17 85437	CISCO CATALYST 9200 48P SWITCH
18 85438	CISCO CATALYST 9200 48P SWITCH



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

AUDITEE: The Honorable J.E. "Eddie" Guerra, Sheriff **AUDIT NO.:** 2023-01

AUDIT: Jail Commissary Audit **MANAGEMENT RESPONSE DUE:** January 5, 2024

FINDING No.: 2 **RECOMMENDATION:** 2

2. Management ensures that all merchandise inventory items purchased are delivered by the vendor in the quantity ordered and properly added to the inventory accounting system. Any overages/shortages of merchandise items should be reported to the vendor. A payment should not be issued to the vendor until someone confirms that the correct quantity was received.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE:	The Honorable J.E. "Eddie" Guerra, Sheriff	AUDIT NO.:	2023-01
AUDIT:	Jail Commissary Audit	MANAGEMENT RESPONSE DUE:	January 5, 2024
FINDING No.:	3	RECOMMENDATION:	3

3. Management ensures that contracted items are purchased at the contracted prices and from the contracted vendors. The employee responsible for paying invoices should ensure that the prices being invoiced agree to the contract price. Any variances should be disputed with the vendor and timely resolved. In addition, the Sheriff's Office should notify the Purchasing Department of concerns regarding quality of items or price increases by the vendor.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: The Honorable J.E. "Eddie" Guerra, Sheriff **AUDIT NO.:** 2023-01

AUDIT: Jail Commissary Audit **MANAGEMENT RESPONSE DUE:** January 5, 2024

FINDING No.: 5 **RECOMMENDATION:** 5

5. Management train staff regarding the proper procedures for issuing checks. At a minimum, the employee responsible for mailing checks should ensure that all checks are signed.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: The Honorable J.E. "Eddie" Guerra, Sheriff **AUDIT NO.:** 2023-01

AUDIT: Jail Commissary Audit **MANAGEMENT RESPONSE DUE:** January 5, 2024

FINDING No.: 7 **RECOMMENDATION:** 7

7. Management ensure that capital assets are properly recorded and depreciated. We recommend that the purchase of capital assets (assets with a unit acquisition price of more than \$5,000.00) be done through the Auditor's Office Accounts Payable division. This would be done by transferring the funds to the Treasurer's Office, obtaining a purchase order by the Purchasing Department, and submitting the invoice to the Auditor's Office for payment. This will ensure that capital assets are properly accounted for and properly depreciated.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO

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



January 29, 2024

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

Re: Chapter 59 Asset Forfeiture Report YE 12-31-22 Audit No. 2023-03

Dear Sheriff Guerra:

We completed an audit of the Chapter 59 Asset Forfeiture Audit Report by Law Enforcement Agency for the year ended December 31, 2022 pursuant to Code of Criminal Procedure §59.06 (g)(1) and Local Government Code §115.001 and §115.0035. The objective of the audit was to determine if Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported.

Executive Summary:

Based on the results of the audit, we determined that Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported; however, improvements could be made to the system of internal controls for the accounting and reporting of Chapter 59 seizures, receipts, and expenditures. More specifically, we noted the following:

- The Sheriff's Office did not open all CDs within 72 hours of seizure; and
- Pre-numbered official receipt forms were not used to record and control seizures.

Background:

Code of Criminal Procedure (CCP) Chapter 59 "Forfeiture of Contraband" provides law enforcement agencies with the authority to confiscate, forfeit, and dispose of contraband. Chapter 59 defines "contraband" as property of any nature (including real, personal, tangible, or intangible property) that is used or intended for use in the commission of certain enumerated felonies, Class A and Class B misdemeanors, or gained, acquired, and/or used to facilitate the commission of certain enumerated felonies and misdemeanors.

Local Government Code (LGC) §115.0035(b) provides that "at least once each county fiscal year, or more often if the county auditor desires, the auditor shall, without advance notice, fully examine the accounts of all precinct, county and district officials." LGC §115.0035(a) defines "accounts" as all public funds that are subject to the control of any precinct, county or district official, including the accounts of law enforcement agencies and the attorney for the state composed of money and proceeds of property seized.

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

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93RD D.C.

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

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

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

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

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

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

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

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

Pursuant to CCP §59.06 (a), all forfeited property is administered by the District Attorney, acting as the agent of the state, in accordance with accepted accounting practices and with the provisions of any local agreement entered into between the District Attorney and law enforcement agencies (LEAs).

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

CCP §59.06 (d) states that awarded proceeds may be spent by a law enforcement agency after a detailed budget has been submitted to Commissioners Court. The Sheriff's Chapter 59 budget for the year ended December 31, 2022 was \$324,880.84 and expenditures totaled \$173,121.91 (i.e., training, investigative costs, facility costs, and cash match for a general victim assistance grant program).

Pursuant to CCP §59.06 (d-3), an expenditure of proceeds received under this chapter is considered to be for a law enforcement purpose if the expenditure is made for an activity of a law enforcement agency that relates to the criminal and civil enforcement of the laws of the State, including an expenditure made for: (1) equipment, including vehicles, computers, firearms, protective body armor, furniture, software, uniforms, and maintenance equipment; (2) supplies, including office supplies, mobile phone and data account fees for employees, and internet services; (3) investigative and training-related travel expenses, including payment for hotel rooms, airfare, meals, rental of and fuel for a motor vehicle, and parking; (4) conferences and training expenses, including fees and materials; (5) investigative costs, including payments to informants and lab expenses; (6) crime prevention and treatment programs; (7) facility costs, including building purchases, lease payments, remodeling and renovating, maintenance, and utilities; (8) witness-related costs, including travel and security; and (9) audit costs and fees, including audit preparation and professional fees.

Pursuant to CCP §59.06 (t)(1), contraband for which forfeiture is authorized with respect to an offense under section 20.05, 20.06, 20.07, 43.04, or 43.05 or Chapter 20A of the Penal Code should be used to provide direct victim services or to cover the costs of a contract with a local nonprofit organization to provide direct services to crime victims.

On February 26, 1991, Commissioner's Court approved a resolution stating, "District Attorney and the Sheriff of Hidalgo County have expressed a willingness to assist in turning over some funds for use in drug rehabilitation in Hidalgo County, [not to exceed 10%] and be it resolved that any forfeited funds turned over to the Hidalgo County Commissioners Court shall be deposited in a special fund and with any interest generated by said fund will be distributed to worthy programs on timely application to said Commissioners Court until further orders of the Court."

Pursuant to Property Code §12.007 (a), after the plaintiff's statement in an eminent domain proceeding is filed or during the pendency of an action involving title to real property, the establishment of an interest in real property, or the enforcement of an encumbrance against real property, a party to the action who is seeking affirmative relief may file for record with the County Clerk of each county where a part of the property is located a notice (lis pendens) that the action is pending.

HIDALGO COUNTY DISTRICT JUDGES

For the year ended December 31, 2022, the Sheriff's Office seized cash totaling \$245,503.17 and 4 motor vehicles. In addition, cash totaling \$248,987.40; 2 motor vehicles; and 135 other property consisting of 134 computer motherboards, and 1 trailer were forfeited (awarded) to the Sheriff's Office. Furthermore, 4 motor vehicles; 3 real properties; and 5 other property consisting of 1 drone, 2 cameras, 1 gold necklace, and 1 gold bracelet were returned to the respondent. There were no forfeited items put into use by the agency for the year ended December 31, 2022.

Local Agreement Between District Attorney's Office and Sheriff's Office

On June 25, 2015, the Hidalgo County District Attorney and the Sheriff's Office entered into a local agreement pursuant to CCP §59.06 (b). According to the agreement, the Sheriff's Office agrees to pay all court costs, attorney ad litem fees, depositions, title searches, title policies, confidential informants, storage costs, and all other related costs in the forfeiture of vehicles and all other personal property.

Personal Property (Vehicles, jewelry, phones, etc.) - If personal property, including vehicles retained by the Sheriff's Office are to be sold, net proceeds from the sale of said property, after deduction of costs, are to be divided as follows: 75% to the Sheriff's Office and 25% to the District Attorney.

If personal property, including passenger vehicles, pick-ups trucks, sport utility vehicles, vans, tractor trailers, etc., are to be used for law enforcement purposes pursuant to CCP §59.06 (b), the Sheriff shall obtain the title of said vehicles and will be solely responsible for their use and maintenance. The District Attorney will not retain an interest in said vehicles and will be completely absolved of any liability.

All property seized in accordance with the Agreement, with the exception of currency, bank accounts, negotiable instruments, and jewelry, shall be kept in the possession of the Sheriff's Office. The Sheriff's Office shall be responsible for the upkeep and maintenance of said property and the District Attorney will be completely absolved of any liability.

The parties further agreed that the Sheriff's Office shall account for all seized property in their possession until the property is disposed of by court order. Disposition of all property shall comply with Article 59 of the Texas Code of Criminal Procedure.

All other personal property, not suitable for or desired for use, pursuant to Article 59 of the Texas Code of Criminal Procedure, shall be forfeited to the District Attorney, as an agent for the State of Texas, and shall be sold at public auction. The net proceeds of said sale of said property, after deduction of costs, shall be divided as follows: 60% to the Sheriff's Office and 40% to the District Attorney.

For the purpose of this agreement, the definition of "personal property" includes, but is not limited to, vehicles of all types, weapons, laptops, computers, cell phones, jewelry, gold, and other precious metals and tangible objects of value. The Sheriff's Office and the District Attorney reserve the right to negotiate unique individual agreements on a case by case basis to satisfy special requirements; however, if an agreement cannot be reached, this local agreement shall be binding.

Real Estate - Upon the sale of real estate, all court costs, attorney ad litem fees, depositions, title searches, title policies, confidential informants, storage costs, and all other related costs shall be paid or credit to the Sheriff's Office if such cost have been previously paid by the Sheriff's Office, from the final sum received, with the remaining amounts disbursed to the Sheriff's Office and the District Attorney as agreed upon for currency, banking accounts, and negotiable instruments as listed below.

Currency, Banking Accounts, and Negotiable Instruments – Upon being awarded to the State via court order, are to be disbursed and divided up as follows, after the payment of costs:

Amount	Sheriff's Office	District Attorney's Office
Over \$50,000.00	70%	30%
Less than \$50,000.00	60%	40%

Jewelry – Will be sold and its proceeds divided as follows: 60% to the Sheriff's Office and 40% to the District Attorney.

HIDALGO COUNTY DISTRICT JUDGES

Proceeds from the sale of real, personal, tangible or intangible property subject to the agreement shall be apportioned within thirty (30) days of said sale, or pursuant to any other agreements reached by the Sheriff's Office and the District Attorney's Office.

Sheriff's Office Procedures

Section 5.21 of the Hidalgo County Sheriff's Office Policy and Procedures establishes the procedures and provides direction to officers seizing cash or tangible property. Seizing officers must contact their supervisor and provide all the pertinent facts and circumstances surrounding a potential seizure and receive authorization to continue the forfeiture investigation.

Seized currency is counted by a Sheriff's agent in the presence of the respondent and a receipt (copy of Evidence/Inventory Control Report) is issued, if possible. The receipt is not pre-numbered. If the funds cannot be counted in the presence of the respondent, the funds are placed in an evidence bag and transported to the Sheriff's Office where it is then counted by two Sheriff's agents. The count is documented on the "Itemization of Money Seizure" form, which is not pre-numbered. Once the currency is counted, pursuant to CCP §59.08 and Section 5.21.03.08 of the Hidalgo County Sheriff's Office Policy and Procedures, the agent places seized currency in a certificate of deposit at the county depository, Lone Star National Bank, under the name of the District Attorney's Office pending final disposition. If the currency cannot be immediately deposited on the date of seizure, the currency is safeguarded in a vault in the Sheriff's Office evidence room and deposited the next business day. In most cases the currency is placed in a certificate of deposit within 72 hours. A "Financial Seizure Account History" form, which is not pre-numbered, is used by the Sheriff's Office Accountant to maintain the forfeiture and the financial breakdown of seizure.

Personal property is safeguarded at the Sheriff's Office until a final judgment is rendered by the court. Vehicles are maintained at the Sheriff's Motor Pool and all other personal property is maintained at the Sheriff's Office evidence room. Only two Evidence Technicians have access to the evidence room. The evidence room is under lock and key and has 24-hour surveillance. The personal property is logged in by an agent and submitted to an Evidence Technician. If an item needs to be removed from the evidence room, the item is requested from one of the two Evidence Technicians and the agent is required to log the item out.

When cash and/or property are seized, the agent is required to generate a synopsis report describing the circumstances of the seizure. The synopsis report must include all of the following documents: an asset forfeiture cover sheet, offense report, affidavits, search warrants, vehicle impoundment sheet (if applicable), vehicle registration information with lien enhancement (if applicable), arrest probable cause affidavit (if arrest was made), bank deposit slip (if applicable), seizure affidavit, criminal histories on all parties claiming interest in the items seized, motor pool mechanic review sheet (if applicable), vehicle estimate value utilizing NADA or Kelley Blue Book (if applicable), and picture of the seized property. If the seized property is a vehicle, photographs of all four sides of the vehicle depicting the license plates, VIN, odometer mileage, interior, any damage and special equipment must also be placed in the file. The file is submitted to the Sheriff's Office Financial Services Bureau Administrative Assistant, who is responsible for ensuring the file contains all required documents. Original files are maintained by the Financial Services Bureau Administrative Assistant and copies of the file are forwarded to the District Attorney's Office and the Sheriff's Office Accountant II. Once the case has been disposed, the District Attorney's Office provides a copy of the judgment to the Financial Services Bureau Administrative Assistant. The Financial Services Bureau Administrative Assistant then forwards a copy of the judgment to the Sheriff's Office Accountant II, who is responsible for the preparation of the Chapter 59 Asset Forfeiture Report and the Quartermaster, who is responsible for overseeing the inventory and maintenance of Sheriff's Office equipment.

If a vehicle is forfeited to the Sheriff's Office, the vehicle is inspected by the Motor Pool Mechanic to determine whether the vehicle is in good working condition for law enforcement purposes. The Mechanic documents the inspection on the "Hidalgo County Sheriff's Office Newly Acquired Vehicle Checklist" (checklist). The checklist is provided to the Lieutenant and the Commander who determine whether to retain the vehicle for use or to auction the vehicle.

The Sheriff's Office submits an application for certificate of title, along with a copy of the final judgment, to the Motor Vehicle Department for all forfeited vehicles. Upon receipt of the certificate of title, the Sheriff's Office maintains a copy of the title and submits the original title to the Purchasing Department's Fixed Asset

HIDALGO COUNTY DISTRICT JUDGES

Division and requests an asset tag. Insurance coverage is also requested for all vehicles retained for use from the Hidalgo County Safety Division by preparing and submitting an "Insurance Change-Vehicles" form. Once the vehicle is insured, the Safety Division submits proof of insurance to the Purchasing Department.

If the vehicle is not retained for use, a transfer form is prepared and the vehicle is declared surplus. Until the auction is conducted, the vehicle is safeguarded at the Sheriff's Office Motor Pool.

Agreement for Auctioneer Services

On July 26, 2019 the Hidalgo County Commissioners Court entered into a contract with AMT Auction Marketing for the provision of auctioneer services. On July 13, 2021 the Hidalgo County Commissioners Court approved the option to exercise the second two one-year extension/renewal terms and the contract was extended until July 29, 2022. No auctions were held between the July 30, 2022 through September 30, 2022. On September 27, 2022, the Hidalgo County Commissioners Court entered into a contract with Bond & Bond Auctioneering services. The contract is effective from October 1, 2022 to September 30, 2025, with an option to extend for an additional two (2) one (1) year terms.

Scope and Methodology:

The scope of the audit was limited to a review of all seized currency and personal property for which an agent's affidavit was made available to the County Auditor's Office for review and all forfeited currency and personal property for which a final judgment was rendered and recorded in *Odyssey*, the County's justice information system, for the period of January 1, 2022 through December 31, 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 improvements could be made.

In conducting our review, the following procedures were performed:

1. Generated "Cases filed" and "Cases disposed" index reports for the period of January 1, 2022 to December 31, 2022 from *Odyssey* to determine if all seized, forfeited, and property returned to respondents was reported on the Chapter 59 Asset Forfeiture Report.
2. Reviewed expenditures from the Sheriff's Chapter 59 Forfeiture Fund to determine if expenditures were incurred for law enforcement purposes pursuant to CCP §59.06 (d-3).
3. Verified on *Odyssey* if court costs were paid to the District Clerk for forfeitures to the state of an amount greater than \$2,500.00.
4. Reviewed the "District Attorney Investigation Funds Accounting Control Sheet" and supporting documentation to determine if 10% of net forfeited currency was paid to Hidalgo County for cases that were award over \$3,000 (after costs) for the prevention of drug abuse and for the treatment of persons with drug-related problems pursuant to the resolution dated February 26, 1991.
5. Verified on *Odyssey* if a Lis pendens was filed for all real estate property seized by the Sheriff's Office pursuant to Property Code §12.007.
6. Reviewed the petitions and judgements for property forfeited to the Sheriff's Office to determine if property with respect to an offense under section 20.05, 20.06, 20.07, 43.04, or 43.05 or Chapter 20A of the Penal Code was properly accounted for.
7. Selected 4 vehicles, 134 computer motherboards, 1 Peterbilt truck, 1 trailer, and 1 motorcycle that were seized and/or forfeited and not sold as of December 31, 2022 for physical identification.
8. Compared Chapter 59 revenue and expenditure reports generated from *LINQ*, the County's financial accounting system, and the "Purchasing Department/Fixed Asset Division Auction Report" to the Chapter 59 Asset Forfeiture Report to determine if all revenues and expenditures were reported.
9. Reviewed the "Financial Seizure Account History" form, the affidavit prepared by the seizing officer, certificate of deposit receipt, and schedule of filed cases generated from *Odyssey* to determine if a certificate of deposit was opened within 72 hours of seizure for the amount seized and if a petition was filed within 30 days after the date of seizure.
10. Reviewed written policies and procedures for the accounting and reporting of seizures and forfeitures. In addition, inquired whether seizures were promptly recorded and controlled by using pre-numbered official receipt forms.

HIDALGO COUNTY DISTRICT JUDGES

Conclusion:

Based on the results of the audit, we determined that Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported; however, improvements could be made to the system of internal controls for the accounting and reporting of Chapter 59 seizures, forfeitures, receipts, and expenditures as noted on findings 7 through 9 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.

1. A review of the "Cases filed" and "Cases disposed" index reports generated from *Odyssey* for the period of review revealed that the Sheriff's Office seized cash totaling \$245,503.17 and 4 motor vehicles. In addition, cash totaling \$248,987.40; 2 motor vehicles; and 135 other property consisting of 134 computer motherboards and 1 trailer were forfeited (awarded) to the Sheriff's Office. Furthermore, 4 motor vehicles, 3 real properties, and 5 other property consisting of 1 drone, 2 cameras, and 2 pieces of jewelry were returned to respondent. There were no forfeited items put into use by the agency for the year ended December 31, 2022. All items were properly reported on the Chapter 59 Asset Forfeiture Report.
2. All expenditures from the Sheriff's Office Chapter 59 Forfeiture Fund were incurred for law enforcement purposes pursuant to CCP §59.06 (d-3).
3. Court costs were only paid to the District Clerk for cases where forfeitures were greater than \$2,500.00 as required by CCP §59.05 (f).
4. For 12 judgments awarded over \$3,000 (after cost), the 10% of net forfeited currency was paid to Hidalgo County for the prevention of drug abuse and for the treatment of persons with drug-related problems pursuant to the resolution dated February 26, 1991.
5. There was no real estate property seized by the Sheriff's Office for the year ended December 31, 2022.
6. There were no petitions and judgements for property related to an offense under section 20.05, 20.06, 20.07, 43.04, or 43.05 or Chapter 20A of the Penal Code for the year ended December 31, 2022.
7. 6 out of 141 items selected were physically identified.
 - 6 items physically identified were the 3 vehicles, 1 Peterbilt truck, 1 trailer, and 1 motorcycle.
 - 135 items (1 vehicle and 134 computer motherboards) were not physically identified. According to management, the items were related to a case of a sensitive nature. Therefore, the County Auditor's Office was unable to physically locate the items.
8. All Chapter 59 revenues and expenditures recorded in *LINQ* and the "Purchasing Department/Fixed Asset Division Auction Report" were reported on the Chapter 59 Asset Forfeiture Report.
9. There were 9 cash seizures made by the Sheriff's Office. Of the 9 cash seizures:
 - 7 certificates of deposit were opened within 72 hours of seizure as required by CCP §59.03 (c).
 - 2 certificates of deposit were opened 1 day late.In addition, 9 petitions were filed with the District Clerk's Office. All 9 petitions were filed on or before the 30th day after the date of the seizure as required by CCP §59.04 (a).
10. Formal policies and procedures have been developed by the Sheriff's Office regarding Chapter 59 seizures and forfeitures; however, pre-numbered official receipt forms are not utilized to record and control seizures.

Recommendation:

In our opinion, the issues noted in finding 7 through 9 could be addressed by developing and implementing formal monitoring policies and procedures to ensure:

1. CDs are opened within 72 hours of seizure as required by CCP §59.03 (c);
2. Pre-numbered forms are used to record and control seizures. The form should require the signature of the agent counting and witness verifying the seizure. In addition, the respondent's signature, if possible, should be obtained and documented on the receipt form.

Please provide a written management response to the findings noted above on the attached Management Response Forms by Tuesday, February 13, 2024. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

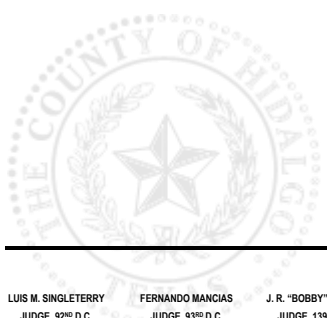
If you have any questions or would like to schedule a meeting to discuss the above noted recommendations, please call Linda Vasquez, Internal Auditor III, at 318-2511 ext. 4694, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,


Letty Chavez
County Auditor

Enclosure: Management Response Forms

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Kent Richardson, Assistant Attorney General
Ms. Myra Montoya, Budget Manager II



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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**HIDALGO COUNTY AUDITOR'S OFFICE
INTERNAL AUDIT DIVISION
MANAGEMENT RESPONSE FORM**

AUDITEE:	<u>The Honorable J.E. "Eddie" Guerra, Sheriff</u>	AUDIT NO.:	<u>2023-03</u>
AUDIT:	<u>Chapter 59 Asset Forfeiture Report YE 12-31-22</u>	MANAGEMENT RESPONSE DUE:	<u>February 13, 2024</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

In our opinion, the issues noted in finding 7 through 9 could be addressed by developing and implementing formal monitoring policies and procedures to ensure: CDs are opened within 72 hours of seizure as required by CCP §59.03 (c);

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE:	<u>The Honorable J.E. "Eddie" Guerra, Sheriff</u>	AUDIT NO.:	<u>2023-03</u>
AUDIT:	<u>Chapter 59 Asset Forfeiture Report YE 12-31-22</u>	MANAGEMENT RESPONSE DUE:	<u>February 13, 2024</u>
FINDING No.:	<u>2</u>	RECOMMENDATION:	<u>2</u>

Pre-numbered forms are used to record and control seizures. The form should require the signature of the agent counting and witness verifying the seizure. In addition, the respondent's signature, if possible, should be obtained and documented on the receipt form.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO

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



January 31, 2024

The Honorable Toribio "Terry" Palacios, Criminal District Attorney
Hidalgo County District Attorney's Office
100 E. Cano, 2nd Floor
Edinburg, Texas 78541

Re: Chapter 59 Asset Forfeiture Report YE 12-31-22 Audit No. 2023-04

Dear Mr. Palacios:

We completed an audit of HIDTA's Chapter 59 Asset Forfeiture Report by Law Enforcement Agency for the Year Ended December 31, 2022 pursuant to Code of Criminal Procedure §59.06 (g)(1) and Local Government Code §115.001 and §115.0035. The objective of the audit was to determine if Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported.

Executive Summary:

Based on the results of the audit, we determined that generally Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported; however, improvements could be made to the system of internal controls for the accounting of Chapter 59 seizures. More specifically, we were not able to physically identify 3 seized items (1 Eco-leaf blower, 1 XL Industries grass cutter, and a dark brown canopy).

Background:

Code of Criminal Procedure (CCP) Chapter 59 "Forfeiture of Contraband" provides law enforcement agencies with the authority to confiscate, forfeit, and dispose of contraband. Chapter 59 defines "contraband" as property of any nature (including real, personal, tangible, or intangible property) that is used or intended for use in the commission of certain enumerated felonies, Class A and Class B misdemeanors, or gained, acquired, and/or used to facilitate the commission of certain enumerated felonies and misdemeanors.

Local Government Code (LGC) §115.0035(b) provides that "at least once each county fiscal year, or more often if the county auditor desires, the auditor shall, without advance notice, fully examine the accounts of all precinct, county and district officials." LGC §115.0035(a) defines "accounts" as all public funds that are subject to the control of any precinct, county or district official, including the accounts of law enforcement agencies and the attorney for the state composed of money and proceeds of property seized.

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

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

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, 388th 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. YSMAEL FONSECA JUDGE, 476th D.C.

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

Pursuant to CCP §59.06 (a), all forfeited property is administered by the District Attorney, acting as the agent of the state, in accordance with accepted accounting practices and with the provisions of any local agreement entered into between the District Attorney and law enforcement agencies (LEAs).

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

CCP §59.06 (d) states that awarded proceeds may be spent by a law enforcement agency after a detailed budget has been submitted to Commissioners Court. HIDTA's Chapter 59 budget for the year ended December 31, 2022 was \$1,139,000.00, and expenditures and dues totaled \$1,936,391.31 (i.e., salaries, in state travel, training, investigative costs, facility costs, transferred funds to County LEAs, and dues paid to cooperating agencies for sale of forfeited property).

Pursuant to CCP §59.06 (d-3), an expenditure of proceeds received under this chapter is considered to be for a law enforcement purpose if the expenditure is made for an activity of a law enforcement agency that relates to the criminal and civil enforcement of the laws of the State, including an expenditure made for: (1) equipment, including vehicles, computers, firearms, protective body armor, furniture, software, uniforms, and maintenance equipment; (2) supplies, including office supplies, mobile phone and data account fees for employees, and internet services; (3) investigative and training-related travel expenses, including payment for hotel rooms, airfare, meals, rental of and fuel for a motor vehicle, and parking; (4) conferences and training expenses, including fees and materials; (5) investigative costs, including payments to informants and lab expenses; (6) crime prevention and treatment programs; (7) facility costs, including building purchases, lease payments, remodeling and renovating, maintenance, and utilities; (8) witness-related costs, including travel and security; and (9) audit costs and fees, including audit preparation and professional fees.

Pursuant to CCP §59.06 (t)(1), contraband for which forfeiture is authorized with respect to an offense under Section 20.05, 20.06, 20.07, 43.04, or 43.05 or Chapter 20A of the Penal Code should be used to provide direct victim services or to cover the costs of a contract with a local nonprofit organization to provide direct services to crime victims.

For the year ended December 31, 2022, HIDTA seized cash totaling \$367,130.50; 4 motor vehicles; and 2 real properties. In addition, cash totaling \$114,556.57; 3 motor vehicles; and 2 real properties were forfeited (awarded) to HIDTA. Furthermore, 1 motor vehicle and 1 other property (Rigid Wet Shop Vac) were returned to the respondents during the year ended December 31, 2022.

Local Agreement between District Attorney's Office and HIDTA

On June 2, 2022, the Hidalgo County District Attorney and HIDTA entered into a local agreement pursuant to CCP §59.06 (b). According to the local agreement, HIDTA is responsible for paying all court costs, attorney ad-litem fees, depositions, title searches, title policies, confidential informants, storage costs, and all other related costs in the forfeiture of vehicles and all other personal property.

Real Estate - Upon the sale of real estate, all costs are to be paid from the final sum received with the remaining amount to be paid 100% to HIDTA.

Personal Property (Vehicles, jewelry, phones, etc.) - All property is to be forfeited to HIDTA. If property is sold, proceeds from the sale of property are to be disbursed 100% to HIDTA, except for passenger vehicles (i.e., pick-up trucks, sport utility vehicles, vans, tractor trailers, etc.) that are to be used for law enforcement

HIDALGO COUNTY DISTRICT JUDGES

purposes. HIDTA is responsible for the use and upkeep of the vehicles and obtaining a certificate of title. All other seized vehicles, except those mentioned above and not used for law enforcement purposes are to be sold and proceeds disposed of in accordance with Chapter 59 of the Texas Code of Criminal Procedure.

All property seized, except for currency, bank accounts and negotiable instruments, shall be kept in the possession of HIDTA. HIDTA will account for all seized property in their possession until the property is disposed of by court order. Currency, bank accounts, and negotiable instruments shall be held and maintained by the District Attorney until a final disposition is ordered. All other personal property not suitable or desired for use shall be forfeited to the District Attorney and shall be sold at public auction. The proceeds after deduction of sale expenses shall be paid 100% to HIDTA. Proceeds from the sale of real, personal, tangible or intangible property shall be apportioned within thirty (30) days of sale.

Currency - Currency, bank accounts, and negotiable instruments are to be distributed 100% to HIDTA, after all costs have been paid.

Proceeds or property which has been awarded to the State via court order, and thereafter disbursed and divided in accordance with the agreement, may be transferred from the LEA to the State attorney upon requests, for the purposes of the State utilizing proceeds.

HIDTA's Procedures

Seized currency under \$5,000.00 is counted by a HIDTA agent in the presence of a witness and the respondent(s). Funds are placed in a sealed evidence bag and immediately transported to the bank by at least two agents, if it's within the bank's normal business hours; otherwise, the funds are transported to the HIDTA Office. The following non-pre-numbered forms are prepared to document the seized cash:

- "Itemization of Money Seizure" form includes the following information: date of seizure; case file number; agent's name; the US currency, foreign currency, and checks by denomination, quantity, and total; and the signatures of the case agent and seizure custodian.
- "Hidalgo County HIDTA Task Force Receipt for Cash or Other Items" form includes the following information: the date, time, case number, description of items and signature of the seizing agent, witness, and respondent. A copy of the completed form is provided to the respondent.

If the funds cannot be counted in the presence of the respondent, the funds are placed in a sealed evidence bag and transported to HIDTA by at least two agents where it is placed in a safe pending transfer to the bank. In cases where currency is seized in an amount of \$25,000.00 or more, sealed evidence bags are taken and signed into the bank vault. For these seizures, the bank requires that HIDTA schedule an appointment with the Bank Cash Vault Services Manager. The bank employees along with at least 2 HIDTA employees unseal the evidence bags and count the currency. The count is recorded on an "Itemization of Money Seizure" form. Once the currency is counted, pursuant to CCP §59.08, the agent places the seized currency in a certificate of deposit at the county depository, Lone Star National Bank, under the name of the District Attorney's Office pending final disposition. If currency cannot be immediately deposited, the currency is safeguarded in a safe at the HIDTA Office. Seized currency is placed in a certificate of deposit within 72 hours.

Personal property is safeguarded by HIDTA until a final judgment is rendered by the court. Vehicles are maintained at Hidalgo County Sheriff's Office or other County approved location; however, most personal property (i.e., jewelry, cell phones, guns, etc.) is maintained at HIDTA's evidence room. Personal property of high value is placed in a safe. The Commander and Assistant Commander have access to the evidence room and the safe. The evidence room is under lock and key; an alarm must be deactivated to access the evidence room, and the evidence room has 24-hour surveillance cameras inside and outside the room. If an item needs to be removed from the evidence room, the item is requested from one of the three employees with access to the evidence room. Property maintained in the evidence room is clearly labeled with the case number. Once the items are awarded to HIDTA, the high value small items are declared surplus and auctioned by the assigned auctioneer. For cell phones, guns and other items, HIDTA requests that an "Order of Disposition of Gambling Paraphernalia, Prohibited Weapon, Criminal Instrument, Other Contraband, Seized Weapon, or Stolen Property" be approved and signed by the presiding District Court Judge, granting HIDTA authorization for destruction. A copy of the destruction order and photos of destroyed items are maintained in the case file.

HIDALGO COUNTY DISTRICT JUDGES

When property is seized under CCP Chapter 59, the agent is required to complete a case file consisting of the following: intake sheet; DA's supplement report; booking sheet; DA's intake sheet; case initiation; commitment; complaint; warrants; seizure report; drug to dollar amount conversion table; evidence submission; DPS lab submission; Miranda warnings; voluntary statement of the accused; arrest report/personal history; criminal case management report (i.e., *Odyssey*); defendant's criminal history; affidavit of seizing officer; asset forfeiture intake sheet; picture of the seized property; vehicle registration information and/or copy of certificate of deposit, if applicable; reports from other law enforcement agencies, etc. The agent inputs the entry of incident, arrest, and related data information into the Cardinal Tracking Badge System under a pre-assigned task force case number.

If a vehicle is forfeited to HIDTA, HIDTA's Commander determines whether the vehicle should be retained for use or auctioned. If the vehicle is retained for use, HIDTA submits the Application for Registration and Certificate of title issued under Alias for Use of Law Enforcement Vehicle (Form 62-G), Application for Texas Title and/or Registration (Form 130-U), and a Certificate of Origin for a Vehicle (certified copy of final judgment) to the Texas Department of Transportation. All HIDTA vehicles are under "Alias" and the certificate of title is not released until a formal letter is submitted to the Texas Department of Transportation requesting the deletion of said vehicle from alias registration. HIDTA requests an asset tag from the Hidalgo County Purchasing Department and insurance from Hidalgo County Safety Division. The Purchasing Department's Fixed Asset Division requires proof of insurance from the Hidalgo County Safety Division and a copy of the judgment in order to issue an asset tag for vehicles forfeited to HIDTA.

If a vehicle is not retained for use or if a vehicle previously retained for use is no longer needed, it is entered into the Asset to Surplus System by HIDTA Division Manager and the vehicle is declared surplus. Until the auction is conducted, the vehicle is safeguarded at a County approved location. In addition, a certificate of title is not obtained for vehicles not retained for use.

The Purchasing Department is responsible for conducting the sale of assets. The Purchasing Department receives the proceeds from the sale of assets from the assigned auctioneer at time of sale and prepares a "Purchasing Department/Fixed Asset Division Auction Report" that details the manner in which the auction proceeds will be distributed. The proceeds are then deposited with the Hidalgo County Treasurer.

HIDTA maintains the BADGE and the Performance Management Process (PMP). BADGE is a police records management system, used by HIDTA to document when assets are placed and removed from the evidence room. BADGE is used to document the chain of custody for items seized and maintained as evidence. The Performance Management Process (PMP) system is utilized to identify and track information about HIDTA-funded training, information and intelligence sharing, drug and asset seizures, and case support. The PMP database and BADGE work hand in hand in cooperation and synchronize the activity of the other. The Criminal Research Specialist inputs information obtained from the Badge System into the PMP database. The PMP database is reviewed monthly and randomly audited by HIDTA's Regional Office for accuracy. The Criminal Research Specialist provides monthly PMP reports and Badge System reports to HIDTA's Division Manager, who creates a schedule of seized items based on said reports/information. In addition, on a monthly basis, HIDTA's Division Manager, receives a copy of the HIDTA HB65 bank statement and balance sheet from the District Attorney's Budget Manager. Once a case has been disposed, the District Attorney's Legal Assistant from the Asset Forfeiture and Expunction Section provides a copy of the judgment to HIDTA's Division Manager, who is responsible for the preparation of the Chapter 59 Asset Forfeiture Report.

Agreement for Auctioneer Services

On July 26, 2019 the Hidalgo County Commissioners Court entered into a contract with AMT Auction Marketing for the provision of auctioneer services. On July 13, 2021 the Hidalgo County Commissioners Court approved the option to exercise the second two one-year extension/renewal terms and the contract was extended until July 29, 2022. No auctions were held from July 30, 2022 through September 30, 2022. On September 27, 2022, the Hidalgo County Commissioners Court entered into a contract with Bond & Bond Auctioneering services. The contract is effective from October 1, 2022 to September 30, 2025, with an option to extend for an additional two (2) one (1) year terms.

HIDALGO COUNTY DISTRICT JUDGES

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Scope and Methodology:

The scope of the audit was limited to a review of all seized currency and personal property for which an agent's affidavit was made available to the County Auditor's Office for review and all forfeited currency and personal property for which a final judgment was rendered and recorded in *Odyssey*, the County's justice information system, for the period of January 1, 2022 through December 31, 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 improvements could be made.

In conducting the review, the following procedures were performed:

1. Compared Chapter 59 revenue and expenditure reports generated from *LINQ*, the County's financial accounting system, and the "Purchasing Department/Fixed Asset Division Auction Report" to the Chapter 59 Asset Forfeiture Report to determine if all revenues and expenditures were reported.
2. Generated "Cases filed" and "Cases disposed" index reports for the period of January 1, 2022 to December 31, 2022 from *Odyssey* to determine if all seized, forfeited, and property were returned to respondents was reported on the Chapter 59 Asset Forfeiture Report.
3. Reviewed expenditures from HIDTA's Chapter 59 Forfeiture Fund to determine if expenditures were incurred for law enforcement purposes pursuant to CCP §59.06 (d-3).
4. Reviewed the affidavit prepared by the seizing officer and the certificate of deposit receipt to determine if a certificate of deposit was opened within 72 hours of seizure for the amount seized and if a petition was filed within 30 days after the date of seizure.
5. Verified on *Odyssey* if court costs were paid to the District Clerk for forfeitures to the state of an amount greater than \$2,500.00.
6. Reviewed the petitions and judgements for property related to an offense under Section 20.05, 20.06, 20.07, 43.04, or 43.05 or Chapter 20A of the Penal Code to determine if the forfeited property was properly accounted for.
7. Selected 8 vehicles, 54 equipment items, 11 electronics, 4 supplies, and 1 real property that were seized and/or forfeited and not sold as of December 31, 2022 for physical identification.

Conclusion:

Based on the results of the audit, we determined that Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported; however, improvements could be made to the system of internal controls for the accounting of Chapter 59 seizures as noted on finding 7 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.

1. All Chapter 59 revenues and expenditures recorded in *LINQ* and the "Purchasing Department/Fixed Asset Division Auction Report" were reported on the Chapter 59 Asset Forfeiture Report.
2. A review of the "Cases filed" and "Cases disposed" index reports generated from *Odyssey* for the period of review revealed that HIDTA had seized cash totaling \$367,130.50, 4 motor vehicles, and 2 real properties. In addition, cash totaling \$114,556.57, 3 motor vehicles, and 2 real properties were forfeited (awarded) to HIDTA. Furthermore, 1 motor vehicle and 1 other property (Rigid Wet Shop Vac) were returned to the respondents during the year ended December 31, 2022. All items were properly reported on the Chapter 59 Asset Forfeiture Report.
3. All expenditures from the HIDTA Chapter 59 Forfeiture Fund were incurred for law enforcement purposes pursuant to CCP §59.06 (d-3).
4. All certificates of deposit were opened for the amount seized within 72 hours of seizure. In addition, all petitions were filed with the District Clerk's Office on or before the 30th day after the date of seizure as required by CCP §59.04(a) and (b).
5. Court costs were assessed on 9 cases. Of the 9 cases:
 - 7 cases resulted in forfeitures in amounts greater than \$2,500.00.
 - Court costs were paid to the District Clerk for 5 cases.

HIDALGO COUNTY DISTRICT JUDGES

- Court costs were not paid by HIDTA to the District Clerk for 2 cases; however, court costs were due/paid by the defendant and the District Attorney's Office.
- 2 cases did not generate forfeitures in amounts greater than \$2,500.00.
 - Court costs were waived by the District Clerk that were due by HIDTA for 1 case.
 - Court costs were due/paid by defendant for 1 case.
- 6. All cases (2 petitions filed) for property related to an offense under section 20.05, 20.06, 20.07, 43.04, or 43.05 or Chapter 20A of the Penal Code were properly accounted for.
- 7. 75 of 78 items selected were physically identified.
 - 75 seizures (8 vehicles, 51 equipment items, 11 electronics, 4 supplies, and 1 real property) were physically located.
 - 3 seized items (1 Eco-leaf blower (equipment), 1 XL Industries grass cutter(equipment), and 1 dark brown canopy (equipment)) were not physically located. According to HIDTA staff, the location of the 3 items is unknown. A police report was filed by the HIDTA Task Force for all 3 items.

Recommendation:

In our opinion, the issue noted in finding 7 could be addressed by developing and implementing formal monitoring procedures to account for seized items. At a minimum, we recommend that all seizures are properly secured in a location and periodically inventoried.

Please provide a written management response to finding 7 on the attached Management Response Form by Wednesday, February 14, 2024. The Management Response Form 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 recommendations please contact Enrique Leal, Internal Auditor II, at 318-2511 ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



Letty Chavez
County Auditor

Enclosure: Management Response Form

cc: Honorable Richard Cortez, Hidalgo County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Kent Richardson, Assistant Attorney General
Mr. Juan Sifuentes, HIDTA Commander, HIDTA Task Force
Ms. Rosie Gonzalez, Division Manager, HIDTA Task Force



HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

January 29, 2024

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

Re: Chapter 59 Asset Forfeiture Report YE 12-31-22 Audit No. 2023-05

Dear Constable Avila:

We completed an audit of the Chapter 59 Asset Forfeiture Audit Report by Law Enforcement Agency for the Year Ended December 31, 2022 pursuant to Code of Criminal Procedure §59.06 (g)(1) and Local Government Code §115.001 and §115.0035. The objective of the audit was to determine if Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported.

Executive Summary:

Based on the results of the audit, we determined that Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported; however, improvements could be made to the system of internal controls for the accounting and reporting of Chapter 59 seizures, forfeitures, receipts, and expenditures. More specifically the following was noted:

- Court costs for 3 cases, with forfeitures to the state in amounts greater than \$2,500.00, have not been paid to the District Clerk;
- 1 camper, 2 folding tables, 4 plastic tables, 3 lamps, 21 brown chairs, 4 folding chairs, 4 ice chests, and various sizes of lumber previously forfeited could not be physically located;
- Formal policies and procedures regarding Chapter 59 forfeitures have not been implemented; and
- Pre-numbered official receipt forms were not utilized to record and control seizures.

Background:

Code of Criminal Procedure (CCP) Chapter 59 "Forfeiture of Contraband" provides law enforcement agencies with the authority to confiscate, forfeit, and dispose of contraband. Chapter 59 defines "contraband" as property of any nature (including real, personal, tangible, or intangible property) that is used or intended for use in the commission of certain enumerated felonies, Class A and Class B misdemeanors, or gained, acquired, and/or used to facilitate the commission of certain enumerated felonies and misdemeanors.

Local Government Code (LGC) §115.0035(b) provides that "at least once each county fiscal year, or more often if the county auditor desires, the auditor shall, without advance notice, fully examine the accounts of all precinct, county and district officials." LGC §115.0035(a) defines "accounts" as all public funds that are subject to the control of any precinct, county or district official, including the accounts of law enforcement agencies and the attorney for the state composed of money and proceeds of property seized.

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

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92nd D.C. FERNANDO MANCIAS JUDGE, 93rd D.C. J. R. "BOBBY" FLORES JUDGE, 139th D.C. ROSE GUERRA REYNA JUDGE, 206th D.C. MARLA CUELLAR JUDGE, 275th D.C. MARIO E. RAMIREZ, JR. JUDGE, 332nd D.C. NOE GONZALEZ JUDGE, 370th D.C. OVERSEER LETICIA LOPEZ JUDGE, 389th D.C. L. KENO VASQUEZ JUDGE, 398th D.C. ISRAEL RAMON, JR. JUDGE, 430th D.C. RENEE R. BETANCOURT JUDGE, 449th D.C. JOSE "JOE" RAMIREZ JUDGE, 464th D.C. YSMAEL FONSECA JUDGE, 476th D.C.

Pursuant to CCP §59.06 (a), all forfeited property is administered by the District Attorney, acting as the agent of the state, in accordance with accepted accounting practices and with the provisions of any local agreement entered into between the District Attorney and law enforcement agencies (LEAs).

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

CCP §59.06 (d) states that awarded proceeds may be spent by a law enforcement agency after a detailed budget has been submitted to Commissioners Court. The Constable Precinct No. 1 Chapter 59 budget for the year ended December 31, 2022 was \$10,402.50 and expenditures totaled \$10,402.50 (i.e. equipment and cash match for body-worn camera grant).

Pursuant to CCP §59.06 (d-3), an expenditure of proceeds received under this chapter is considered to be for a law enforcement purpose if the expenditure is made for an activity of a law enforcement agency that relates to the criminal and civil enforcement of the laws of the State, including an expenditure made for: (1) equipment, including vehicles, computers, firearms, protective body armor, furniture, software, uniforms, and maintenance equipment; (2) supplies, including office supplies, mobile phone and data account fees for employees, and internet services; (3) investigative and training-related travel expenses, including payment for hotel rooms, airfare, meals, rental of and fuel for a motor vehicle, and parking; (4) conferences and training expenses, including fees and materials; (5) investigative costs, including payments to informants and lab expenses; (6) crime prevention and treatment programs; (7) facility costs, including building purchases, lease payments, remodeling and renovating, maintenance, and utilities; (8) witness-related costs, including travel and security; and (9) audit costs and fees, including audit preparation and professional fees.

Pursuant to CCP §59.06 (t)(1), contraband for which forfeiture is authorized with respect to an offense under section 20.05, 20.06, 20.7, 43.04, or 43.05 or Chapter 20A of the Penal Code should be used to provide direct victim services or to cover the costs of a contract with local nonprofit organization to provide direct services to crime victims.

For the year ended December 31, 2022, Constable Precinct No. 1 seized cash totaling \$18,455.00 and 6 motor vehicles. Furthermore, 2 motor vehicles were returned to the respondents during the year end December 31, 2022.

Local Agreement between District Attorney's Office and Constable Precinct No. 1

On October 23, 2015, the Hidalgo County District Attorney and Constable Precinct No. 1 entered into a local agreement pursuant to CCP §59.06 (b). According to the local agreement, Constable Precinct No. 1 is responsible for paying all court costs, attorney ad-litem fees, depositions, title searches, title policies, confidential informants, storage costs, and all other related costs in the forfeiture of vehicles and all other personal property.

Personal Property (Vehicles, laptops, computers, cell phones, weapons, etc.)- If personal property, including vehicles retained by Constable Precinct No. 1 are to be sold, net proceeds from the sale of said property, after deduction of costs, are to be divided as follows: 75% to Constable Precinct No. 1 and 25% to the District Attorney.

If personal property, including vehicles that are retained by the Constable for law enforcement purposes are at any time decommissioned and then sold, net proceeds from the sale of said property, after deduction of costs, are to be divided as follows: 75% to Constable Precinct No. 1 and 25% to the District Attorney.

All property seized, except for currency, bank accounts, negotiable instruments, and jewelry, shall be kept in the possession of the Constable. The Constable shall account for all seized property in his possession until the property is disposed of by court order. All other personal property, not suitable or desired for use, shall be forfeited to the

HIDALGO COUNTY DISTRICT JUDGES

District Attorney and sold at public auction. The net proceeds of said sale of said property, after deductions of sale expenses, shall be divided as follows: 75% to Constable Precinct No. 1 and 25% to the District Attorney.

Proceeds from the sale of real, personal, tangible, or intangible property subject to the agreement shall be apportioned within thirty (30) days of said sale.

Constable Precinct No. 1 Procedures

The Constable Precinct No. 1 Office has the following procedures for the accounting and reporting of seizures and forfeitures. Seized funds are counted and confirmed by the seizing deputy and a credible witness. Funds are placed in the Constable Precinct No. 1 vault until deposited. A copy of the bank receipt is submitted to the District Attorney's Office along with the Asset Forfeiture Intake Sheet.

Deputy Constables are required to call a towing company to tow vehicles and/or property pending forfeiture proceedings to the County's storage site. Before releasing vehicle(s) and or property to towing company, Deputy Constables conduct a full inspection and inventory of the seized vehicle(s) and/or property. Deputy Constables are required to include photographs with seizure documents.

The following documents must be turned in to the District Attorney's Office before the 30th day after the date of the offense: Asset Forfeiture Intake Sheet, Officer Sworn Affidavit, Vehicle Registration Form, Preliminary Offense Report, Detailed Report, Complete Wrecker Inventory Form, and Intake Sheet Receipt.

Upon disposition, if the vehicle and/or property are not forfeited, the owner of the vehicle and/or property will be responsible for any and all fees accrued by the towing company. If the vehicle and/or property are awarded to the Constable, an original judgment from the Hidalgo County District Attorney's Office will be received noting any awarded vehicles and/or property. A second original judgment should be obtained for purposes of the auction of each vehicle. A log of all seized property is kept by Constable Precinct No. 1 Office, indicating the status of the property, location, and condition.

Agreement for Auctioneer Services

On July 26, 2019 the Hidalgo County Commissioners Court entered into a contract with AMT Auction Marketing for the provision of auctioneer services. On July 13, 2021 the Hidalgo County Commissioners Court approved the option to exercise the second two one-year extension/renewal terms and the contract was extended until July 29, 2022. No auctions were held from July 30, 2022 through September 30, 2022. On September 27, 2022, the Hidalgo County Commissioners Court entered into a contract with Bond & Bond Auctioneering services. The contract is effective from October 1, 2022 to September 30, 2025, with an option to extend for an additional two (2) one (1) year terms.

Scope and Methodology:

The scope of the audit was limited to a review of all seized currency and personal property for which an agent's affidavit was made available to the County Auditor's Office for review and all forfeited currency and personal property for which a final judgment was rendered and recorded in *Odyssey*, the County's justice information system, for the period of January 1, 2022 through December 31, 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 improvements could be made.

In conducting our review, the following procedures were performed:

1. Generated "Cases filed" and "Cases disposed" index reports for the period of January 1, 2022 to December 31, 2022 from *Odyssey* to determine if all seized, forfeited, and property returned to respondents was reported on the Chapter 59 Asset Forfeiture Report.
2. Reviewed expenditures from the Constable Precinct No. 1 Chapter 59 Forfeiture Fund to determine if expenditures were incurred for law enforcement purposes pursuant to CCP §59.06 (d-3).
3. Reviewed the petitions and judgements for property related to an offense under section 20.05, 20.06, 20.07, 43.04, 43.05 or Chapter 20A of the Penal Code to determine if the forfeited property was properly accounted for.

HIDALGO COUNTY DISTRICT JUDGES

4. Compared Chapter 59 revenue and expenditure reports generated from *Alio*, the County's financial accounting system, and the "Purchasing Department/Fixed Asset Division Auction Report" to the Chapter 59 Asset Forfeiture Report to determine if all revenues and expenditures were reported.
5. Verified in *Odyssey* if court costs were paid to the District Clerk for forfeitures to the state of an amount greater than \$2,500.00.
6. Selected 2 vehicles and other property consisting of 1 camper, 2 folding tables, 4 plastic tables, 3 lamps, 21 brown chairs, 4 folding chairs, 4 ice chests, and various sizes of lumber that were seized and/or forfeited and not sold as of the year ended December 31, 2022 for physical identification.
7. Reviewed written policies and procedures for the accounting and reporting of seizures and forfeitures. In addition, inquired whether seizures were promptly recorded and controlled by using pre-numbered official receipt forms.

Conclusion:

Based on the results of the audit, we determined that Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported; however, improvements could be made to the system of internal controls for the accounting and reporting of Chapter 59 seizures, forfeitures, receipts, and expenditures as noted in findings number 5 through 7 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.

1. A review of the "Cases filed" and "Cases disposed" index reports generated from *Odyssey* for the period of review revealed that the Constable Precinct No. 1 seized cash totaling \$18,455.00 and 6 motor vehicles. Furthermore, 2 motor vehicles were returned to the respondents during the year ended December 31, 2022. All items were properly reported on the Chapter 59 Asset Forfeiture Report.
2. All expenditures from Constable Precinct No.1 Chapter 59 Forfeiture Fund were incurred for law enforcement purposes pursuant to CCP §59.06 (d-3).
3. There were no petitions or judgments for property related to an offense under section 20.05, 20.06, 20.07, 43.04, 43.05, or Chapter 20A of the Penal Code.
4. All Chapter 59 revenues and expenditures recorded in *Alio* and the "Purchasing Department/Fixed Asset Division Auction Report", were reported on the Chapter 59 Asset Forfeiture Report.
5. Court costs were assessed on 14 cases:
 - 3 cases resulted in forfeitures in amounts of \$2,500.00 or greater. According to the final judgments for the three cases, court costs were due by Constable Precinct No. 1. Courts costs had not been paid to the District Clerk for the 3 cases.
 - 11 cases did not generate forfeitures in amounts greater than \$2,500.00; however, court costs were assessed by the District Clerk. According to the final judgments for the 11 cases, court costs were due by Constable Precinct No. 1. Courts costs were not paid to the District Clerk for the 11 cases.
6. Of the 2 vehicles and other property consisting of 1 camper, 2 folding tables, 4 plastic tables, 3 lamps, 21 brown chairs, 4 folding chairs, 4 ice chests, and various sizes of lumber selected for physical identification:
 - 2 vehicles were physically located.
 - 1 camper, 2 folding tables, 4 plastic tables, 3 lamps, 21 brown chairs, 4 folding chairs, 4 ice chests, and various sizes of lumber were not located. According to Constable Precinct No. 1 staff, the location of the items was unknown and they hadn't made attempts to physically locate the items due to their value.
7. The Constable Precinct No. 1 Office policies and procedures regarding Chapter 59 seizures and forfeitures do not include procedures for determining when a forfeited vehicle or property will be put to use. In addition, pre-numbered official receipt forms were not utilized to record and control seizures. Constable Precinct No. 1 is in the process in finalizing formal policies and procedures for Chapter 59 seizures and forfeitures.

Recommendation:

In our opinion, the issues identified in findings number 5 through 7 could be addressed by developing and implementing formal monitoring policies and procedures to ensure:

HIDALGO COUNTY DISTRICT JUDGES

1. All court costs are paid to the District Clerk for forfeitures to the state of an amount greater than \$2,500.00. In addition, a list of cases that did not result in forfeitures greater than \$2,500.00 should be provided to the District Clerk to correct;
2. The proper safeguarding of forfeited property. A police report should be obtained for the items not located.
3. The proper procedures when a forfeited vehicle or property will be put to use and that all seizures are recorded and controlled by using pre-numbered forms. The forms should require the signature of the agent counting and witness verifying the seizure. In addition, the respondent's signature, if possible, should be obtained and documented on the receipt form.

Please provide a written management response to the findings noted above on the attached Management Response Forms by Tuesday, February 13, 2024. 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 recommendations, please call Alejandro Torres, Internal Auditor II, at 318-2511 ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



Letty Chavez
County Auditor

Enclosure: Management Response Forms

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Kent Richardson, Assistant Attorney General
Mr. Joe Espinosa, Chief Deputy, Constable Precinct No. 1

HIDALGO COUNTY DISTRICT JUDGES



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

AUDITEE:	<u>The Honorable Celestino Avila, Jr., Constable</u>	AUDIT NO.:	<u>2023-05</u>
AUDIT:	<u>Chapter 59 Asset Forfeiture Report YE 12-31-22</u>	MANAGEMENT RESPONSE DUE:	<u>February 13, 2024</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

Ensure all court costs are paid to the District Clerk for forfeitures to the state of an amount greater than \$2,500.00. In addition, a list of cases that did not result in forfeitures greater than \$2,500.00 should be provided to the District Clerk to correct;

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE:	<u>The Honorable Celestino Avila, Jr., Constable</u>	AUDIT NO.:	<u>2023-05</u>
AUDIT:	<u>Chapter 59 Asset Forfeiture Report YE 12-31-22</u>	MANAGEMENT RESPONSE DUE:	<u>February 13, 2024</u>
FINDING No.:	<u>2</u>	RECOMMENDATION:	<u>2</u>

Ensure the proper safeguarding of forfeited property. A police report should be obtained for the items not located.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE:	<u>The Honorable Celestino Avila, Jr., Constable</u>	AUDIT NO.:	<u>2023-05</u>
AUDIT:	<u>Chapter 59 Asset Forfeiture Report YE 12-31-22</u>	MANAGEMENT RESPONSE DUE:	<u>February 13, 2024</u>
FINDING No.:	<u>3</u>	RECOMMENDATION:	<u>3</u>

Ensure the proper procedures when a forfeited vehicle or property will be put to use and that all seizures are recorded and controlled by using pre-numbered forms. The forms should require the signature of the agent counting and witness verifying the seizure. In addition, the respondent's signature, if possible, should be obtained and documented on the receipt form.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
Hidalgo County Administration Building
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January 29, 2024

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

Re: Chapter 59 Asset Forfeiture Report YE 12-31-22 Audit No. 2023-06

Dear Constable Cantu:

We completed an audit of the Chapter 59 Asset Forfeiture Audit Report by Law Enforcement Agency for the Year Ended December 31, 2022 pursuant to Code of Criminal Procedure §59.06 (g)(1) and Local Government Code §115.001 and §115.0035. The objective of the audit was to determine if Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported.

Executive Summary:

Based on the results of the audit, we determined that Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported; however, improvements could be made to the system of internal controls for the accounting and reporting of Chapter 59 seizures, forfeitures, receipts, and expenditures. More specifically we noted formal policies and procedures regarding Chapter 59 forfeitures have not been implemented. In addition, pre-numbered official receipt forms were not utilized to record and control seizures.

Background:

Code of Criminal Procedure (CCP) Chapter 59 "Forfeiture of Contraband" provides law enforcement agencies with the authority to confiscate, forfeit, and dispose of contraband. Chapter 59 defines "contraband" as property of any nature (including real, personal, tangible, or intangible property) that is used or intended for use in the commission of certain enumerated felonies, Class A and Class B misdemeanors, or gained, acquired, and/or used to facilitate the commission of certain enumerated felonies and misdemeanors.

Local Government Code (LGC) §115.0035(b) provides that "at least once each county fiscal year, or more often if the county auditor desires, the auditor shall, without advance notice, fully examine the accounts of all precinct, county and district officials." LGC §115.0035(a) defines "accounts" as all public funds that are subject to the control of any precinct, county or district official, including the accounts of law enforcement agencies and the attorney for the state composed of money and proceeds of property seized.

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

Pursuant to CCP §59.06 (a), all forfeited property is administered by the District Attorney, acting as the agent of the state, in accordance with accepted accounting practices and with the provisions of any local agreement entered into between the District Attorney and law enforcement agencies (LEAs).

Pursuant to CCP §59.06 (b), if a local agreement exists between the District Attorney and the LEA, the District Attorney may transfer the property to the LEA. In addition, CCP § 59.06 (c) states, if a local agreement exists

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 448TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

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

CCP §59.06 (d) states that awarded proceeds may be spent by a law enforcement agency after a detailed budget has been submitted to Commissioners Court. A budget was not submitted to Commissioners Court and expenditures were not incurred for the year ended December 31, 2022.

Pursuant to CCP §59.06 (d-3), an expenditure of proceeds received under this chapter is considered to be for a law enforcement purpose if the expenditure is made for an activity of a law enforcement agency that relates to the criminal and civil enforcement of the laws of the State, including an expenditure made for: (1) equipment, including vehicles, computers, firearms, protective body armor, furniture, software, uniforms, and maintenance equipment; (2) supplies, including office supplies, mobile phone and data account fees for employees, and internet services; (3) investigative and training-related travel expenses, including payment for hotel rooms, airfare, meals, rental of and fuel for a motor vehicle, and parking; (4) conferences and training expenses, including fees and materials; (5) investigative costs, including payments to informants and lab expenses; (6) crime prevention and treatment programs; (7) facility costs, including building purchases, lease payments, remodeling and renovating, maintenance, and utilities; (8) witness-related costs, including travel and security; and (9) audit costs and fees, including audit preparation and professional fees.

Pursuant to CCP §59.06 (t)(1), contraband for which forfeiture is authorized with respect to an offense under section 20.05, 20.06, 20.7, 43.04, or 43.05 or Chapter 20A of the Penal Code should be used to provide direct victim services or to cover the costs of a contract with local nonprofit organization to provide direct services to crime victims.

For the year ended December 31, 2022, the Constable Precinct No. 2 Office had no seizures or forfeitures.

Local Agreement Between District Attorney's Office and Constable Precinct No. 2

On June 30, 2015, the Hidalgo County District Attorney and Constable Precinct No. 2 entered into a local agreement pursuant to CCP §59.06 (b). According to the local agreement, Constable Precinct No. 2 is responsible for paying all court costs, attorney ad-litem fees, depositions, title searches, title policies, confidential informants, storage costs, and all other related costs in the forfeiture of vehicles and all other personal property.

Personal Property (Vehicles, laptops, computers, cell phones, weapons, etc.)- If personal property, including vehicles retained by Constable Precinct No. 2 are to be sold, net proceeds from the sale of said property, after deduction of costs, are to be divided as follows: 75% to Constable Precinct No. 2 and 25% to the District Attorney.

If personal property, including vehicles that are retained by the Constable for law enforcement purposes are at any time decommissioned and then sold, net proceeds from the sale of said property, after deduction of costs, are to be divided as follows: 75% to Constable Precinct No. 2 and 25% to the District Attorney.

All property seized, except for currency, bank accounts, negotiable instruments, and jewelry, shall be kept in the possession of the Constable. The Constable shall account for all seized property in his possession until the property is disposed of by court order.

All other personal property, not suitable or desired for use, shall be forfeited to the District Attorney and sold at public auction. The net proceeds of said sale of said property, after deductions of sale expenses, shall be divided as follows: 60% to Constable Precinct No. 2 and 40% to the District Attorney.

HIDALGO COUNTY DISTRICT JUDGES

Proceeds from the sale of real, personal, tangible, or intangible property subject to the agreement shall be apportioned within thirty (30) days of said sale.

Constable Precinct No. 2 Procedures

The Constable Precinct No. 2 Office has the following procedures for the accounting and reporting of seizures and forfeitures. Deputies requesting to initiate seizure and forfeiture of vehicles, property, and/or currency will forward all required documents to the designated Supervisor for review and approval. Once approved, the deputy submits the file to the District Attorney's Office Civil Forfeiture Division.

Due to the expenses related to forfeiture proceedings, the following values of the described property and types are used as a guideline when considering seizure: vehicles \$5,000, currency \$5,000, and real property \$20,000. Items such as jewelry, household items, electronics, etc., shall be in an aggregate amount value not less than \$3,000 per case.

Motor vehicles seized will be treated as evidence. The vehicles are towed to a designated storage facility. All currency seized is deposited into the designated account set forth by the Hidalgo County District Attorney's Office on the same day of seizure, if possible. In the event this is not possible, the currency is properly sealed and secured in a safe designated by the Supervisor and deposited on the next business day.

The following documents are used by the Constable Precinct No. 2 Office to document seizures: 1.) a detailed report describing the circumstances of the seizure, 2.) asset forfeiture cover sheet, 3.) offense report, 4.) affidavits and search warrants, 5.) vehicle impound sheet, if applicable, 6.) DMV vehicle registration, 7.) arrest probable cause affidavit, 8.) receipt of property seizure, 9.) bank deposit slip, if applicable, 10.) seizure affidavit, 11.) criminal history of all parties claiming interest in item, 12.) mechanic vehicle review sheet, 13.) NADAR or Kelly Blue Book value, and 14.) photographs of items. The receipt of property seizure is not a pre-numbered form.

Scope and Methodology:

The scope of the audit was limited to a review of all seized currency and personal property for which an agent's affidavit was made available to the County Auditor's Office for review and all forfeited currency and personal property for which a final judgment was rendered and recorded in *Odyssey*, the County's justice information system, for the period of January 1, 2022 through December 31, 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 improvements could be made.

In conducting the review, the following procedures were performed:

1. Compared Chapter 59 revenue and expenditure reports generated from *LINQ*, the County's financial accounting system, and the "Purchasing Department/Fixed Asset Division Auction Report" to the Chapter 59 Asset Forfeiture Report to determine if all revenues and expenditures were reported.
2. Generated "Cases filed" and "Cases disposed" index reports for the period of January 1, 2022 to December 31, 2022 from *Odyssey* to determine if all seized, forfeited, and property returned to respondents was reported on the Chapter 59 Asset Forfeiture Report.
3. Reviewed expenditures from the Constable Precinct No. 2 Chapter 59 Forfeiture Fund to determine if expenditures were incurred for law enforcement purposes pursuant to CCP §59.06 (d-3).
4. Reviewed written policies and procedures for the accounting and reporting of seizures and forfeitures. In addition, inquired whether seizures were promptly recorded and controlled by using pre-numbered official receipt forms.

HIDALGO COUNTY DISTRICT JUDGES

Conclusion:

Based on the results of the audit, we determined that Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported; however, improvements could be made to the system of internal controls for the accounting and reporting of Chapter 59 seizures, forfeitures, receipts, and expenditures as noted on finding number 4 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.

1. All Chapter 59 revenues and expenditures recorded in *LINQ* and the "Purchasing Department/Fixed Asset Division Auction Report" reported on the Chapter 59 Asset Forfeiture Report.
2. A review of the "Cases filed" and "Cases disposed" index reports generated from Odyssey for the period of review revealed that the Constable Precinct No. 2 had no seizures or forfeitures.
3. There were no expenditures incurred from the Constable Precinct No. 2 Chapter 59 Forfeiture Fund.
4. The Constable Precinct No. 2 Office policies and procedures regarding Chapter 59 seizures and forfeitures do not include procedures for determining when a forfeited vehicle or property will be put to use. In addition, pre-numbered official receipt forms were not utilized to record and control seizures. Constable Precinct No. 2 is in the process in finalizing formal policies and procedures for Chapter 59 seizures and forfeitures.

Recommendation:

In our opinion, the issue identified in finding number 4 could be addressed by developing and implementing formal policies and procedures to ensure proper procedures when a forfeited vehicle or property will be put to use and that all seizures are recorded and controlled by using pre-numbered forms. The forms should require the signature of the agent counting and witness verifying the seizure. In addition, the respondent's signature, if possible, should be obtained and documented on the receipt form.

Please provide a written management response to the finding noted above on the attached Management Response Form by Tuesday, February 13, 2024. The Management Response Form 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 recommendations, please call Alejandro Torres, Internal Auditor II, at 318-2511 ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Kent Richardson, Assistant Attorney General
Armando Campos, Chief Deputy, Constable Precinct No. 2

HIDALGO COUNTY DISTRICT JUDGES



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

AUDITEE:	<u>The Honorable Martin Cantu, Constable</u>	AUDIT NO.:	<u>2023-06</u>
AUDIT:	<u>Chapter 59 Asset Forfeiture Report YE 12-31-22</u>	MANAGEMENT RESPONSE DUE:	<u>February 13, 2024</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

In our opinion, the issue identified in finding number 4 could be addressed by developing and implementing formal policies and procedures to ensure proper procedures when a forfeited vehicle or property will be put to use and that all seizures are recorded and controlled by using pre-numbered forms. The forms should require the signature of the agent counting and witness verifying the seizure. In addition, the respondent's signature, if possible, should be obtained and documented on the receipt form.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO

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



January 29, 2024

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

Re: Chapter 59 Asset Forfeiture Report YE 12-31-22 Audit No. 2023-07

Dear Constable Gallardo:

We completed an audit of the Chapter 59 Asset Forfeiture Report by Law Enforcement Agency for the Year Ended December 31, 2022 pursuant to Code of Criminal Procedure §59.06 (g)(1) and Local Government Code §115.001 and §115.0035. The objective of the audit was to determine if Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported.

Executive Summary:

Based on the results of the audit, we determined that Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported; however, improvements could be made to the system of internal controls for the accounting and reporting of Chapter 59 seizures, forfeitures, receipts, and expenditures. More specifically, the following was noted:

- Formal policies and procedures regarding Chapter 59 seizures have not been implemented; and
- Pre-numbered official receipt forms were not utilized to record and control seizures.

Background:

Code of Criminal Procedure (CCP) Chapter 59 "Forfeiture of Contraband" provides law enforcement agencies with the authority to confiscate, forfeit, and dispose of contraband. Chapter 59 defines "contraband" as property of any nature (including real, personal, tangible, or intangible property) that is used or intended for use in the commission of certain enumerated felonies, Class A and Class B misdemeanors, or gained, acquired, and/or used to facilitate the commission of certain enumerated felonies and misdemeanors.

Local Government Code (LGC) §115.0035(b) provides that "at least once each county fiscal year, or more often if the county auditor desires, the auditor shall, without advance notice, fully examine the accounts of all precinct, county and district officials." LGC §115.0035(a) defines "accounts" as all public funds that are subject to the control of any precinct, county or district official, including the accounts of law enforcement agencies and the attorney for the state composed of money and proceeds of property seized.

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

Pursuant to CCP §59.06 (a), all forfeited property is administered by the District Attorney, acting as the agent of the state, in accordance with accepted accounting practices and with the provisions of any local agreement entered

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 82ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

into between the District Attorney and law enforcement agencies (LEAs).

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

CCP §59.06 (d) states that awarded proceeds may be spent by a law enforcement agency after a detailed budget has been submitted to Commissioners Court. The Constable Precinct No. 3 Chapter 59 budget for the year ended December 31, 2022 was \$68,978.20 and expenditures totaled \$47,828.78 (i.e., equipment, vehicle maintenance, supplies, and cash match for body-worn camera grant).

Pursuant to CCP §59.06 (d-3), an expenditure of proceeds received under this chapter is considered to be for a law enforcement purpose if the expenditure is made for an activity of a law enforcement agency that relates to the criminal and civil enforcement of the laws of the State, including an expenditure made for: (1) equipment, including vehicles, computers, firearms, protective body armor, furniture, software, uniforms, and maintenance equipment; (2) supplies, including office supplies, mobile phone and data account fees for employees, and internet services; (3) investigative and training-related travel expenses, including payment for hotel rooms, airfare, meals, rental of and fuel for a motor vehicle, and parking; (4) conferences and training expenses, including fees and materials; (5) investigative costs, including payments to informants and lab expenses; (6) crime prevention and treatment programs; (7) facility costs, including building purchases, lease payments, remodeling and renovating, maintenance, and utilities; (8) witness-related costs, including travel and security; and (9) audit costs and fees, including audit preparation and professional fees.

Pursuant to CCP §59.06 (t)(1), contraband for which forfeiture is authorized with respect to an offense under section 20.05, 20.06, 20.07, 43.04, or 43.05 or Chapter 20A of the Penal Code should be used to provide direct victim services or to cover the costs of a contract with a local nonprofit organization to provide direct services to crime victims.

For the year ended December 31, 2022, the Constable Precinct No. 3 had no seizures or forfeitures.

Local Agreement between District Attorney's Office and Constable Precinct No. 3

On June 2, 2015, the Hidalgo County District Attorney and Constable Precinct No. 3 entered into a local agreement pursuant to CCP §59.06 (b). According to the local agreement, Constable Precinct No. 3 is responsible for paying all court costs, attorney ad-litem fees, depositions, title searches, title policies, confidential informants, storage costs, and all other related costs in the forfeiture of vehicles and all other personal property.

Personal Property (Vehicles, laptops, computers, cell phones, weapons, etc...)- If personal property, including vehicles retained by Constable Precinct No. 3 are to be sold, net proceeds from the sale of said property, after deduction of costs, are to be divided as follows: 75% to Constable Precinct No. 3 and 25% to the District Attorney.

If personal property, including vehicles that are retained by the Constable for law enforcement purposes are at any time decommissioned and then sold, net proceeds from the sale of said property, after deduction of costs, are to be divided as follows: 75% to Constable Precinct No. 3 and 25% to the District Attorney.

All property seized, except for currency, bank accounts, negotiable instruments, and jewelry, shall be kept in the possession of the Constable. The Constable shall account for all seized property in his possession until the property is disposed of by court order. All other personal property, not suitable or desired for use, shall be forfeited to the District Attorney and sold at public auction. The net proceeds of said sale of said property, after deductions of sale

HIDALGO COUNTY DISTRICT JUDGES

expenses, shall be divided as follows: 60% to Constable Precinct No. 3 and 40% to the District Attorney.

Proceeds from the sale of real, personal, tangible, or intangible property subject to the agreement shall be apportioned within thirty (30) days of said sale.

Constable Precinct No. 3 Procedures

All seized currency, if possible, is counted by a minimum of two (2) deputies in the presence of a witness and the respondent(s), if possible. Funds are placed in a sealed evidence bag and immediately transported to the bank by at least two deputies, if it's within the bank's normal business hours; otherwise, the funds are transported to the Constable Precinct 3 Office. The following non pre-numbered forms are prepared to document the seized cash:

- "Itemization of Money Seizure" form includes the following information: date of seizure; case file number; deputy's name; the US currency, foreign currency, and checks by denomination, quantity, and total; and the signatures of the case deputy and seizure custodian.
- "Hidalgo County Constable Precinct 3 Receipt for Cash or Other Items" form includes the following information: the date, time, case number, description of items and signature of the seizing deputy, witness, and respondent. A copy of the completed form is provided to the respondent.

If the funds cannot be counted in the presence of the respondent, the funds are placed in a sealed evidence bag and transported to the Constable Precinct 3 Office by at least two deputies where it is placed in a safe pending transfer to the bank. In cases where currency is seized in an amount of \$25,000.00 or more, sealed evidence bags are taken and signed into the bank vault. For these seizures, the bank requires that Constable Precinct 3 schedule an appointment with the Bank Cash Vault Services Manager. The bank employees along with at least two (2) Constable Precinct 3 employees unseal the evidence bags and count the currency. The count is recorded on an "Itemization of Money Seizure" form. Once the currency is counted, pursuant to CCP §59.08, the deputy places the seized currency in a certificate of deposit at the county depository, Lone Star National Bank, under the name of the Hidalgo County Constable Precinct 3 Department pending final disposition. If currency cannot be immediately deposited, the currency is safeguarded in a safe at the Constable Precinct 3 Office. Seized proceeds are placed in a certificate of deposit within 72 hours.

Personal property is safeguarded by Constable Precinct 3 until a final judgment is rendered by the court. Vehicles are maintained at the Constable Precinct 3 Office; however, most personal property (i.e., jewelry, cell phones, guns, etc.) is maintained at the Constable Precinct 3's evidence room. Personal property of high value is placed in a safe. The Chief Deputy and two (2) Sergeants have access to the evidence room and the safe. Once the evidence is ready to be placed in the Evidence Vault, a log is filled out with the deputy's name and badge number; date and time of seizure; case file number; description of items; and the chain of custody must be filled out for placement. The evidence room is under lock and key; has 24 hour surveillance cameras outside the room. If an item needs to be removed from the evidence room, the item is requested from one of the three employees with access to the evidence room. Property maintained in the evidence room is clearly labeled with the case number. Once the items are awarded to Constable Precinct 3, the high value small items are declared surplus and auctioned by the Hidalgo County Auctioneer. For cell phones, guns and other items, Constable Precinct 3 requests that an "Order of Disposition of Gambling Paraphernalia, Prohibited Weapon, Criminal Instrument, Other Contraband, Seized Weapon, or Stolen Property" be approved and signed by the presiding District Court Judge, granting Constable Precinct 3 authorization for destruction. A copy of the destruction order and photos of destroyed items are maintained in the case file.

When property is seized under CCP Chapter 59, the deputy is required to complete a case file consisting of the following: intake sheet; Constable Precinct 3's supplement report; booking sheet; Constable Precinct 3's intake sheet; case initiation; commitment; complaint; warrants; seizure report; drug to dollar amount conversion table; evidence submission; DPS lab submission; Miranda warnings; voluntary statement of the accused; arrest report/personal history; criminal case management report (i.e., Odyssey); defendant's criminal history; affidavit of seizing deputy; asset forfeiture intake sheet; picture of the seized property; vehicle registration information and/or copy of certificate of deposit, if applicable; reports from other law enforcement agencies, etc.

HIDALGO COUNTY DISTRICT JUDGES

If a vehicle is forfeited to Constable Precinct 3, Constable Gallardo or the designee determine whether the vehicle should be put in use for law enforcement purposes or auctioned. If the vehicle is retained for law enforcement

purposes, Constable Precinct 3 submits the Application for Registration and Certificate of title issued under Alias for Use of Law Enforcement Vehicle (Form 62-G), Application for Texas Certificate of Title (Form 130-U), and a Certificate of Origin for a Vehicle (certified copy of final judgment) to the Texas Department of Transportation. All Constable Precinct 3 court-awarded vehicles are under "Alias" and the certificate of title is not released until a formal letter is submitted to the Texas Department of Transportation requesting the deletion of said vehicle from alias registration. Constable Precinct 3 requests an asset tag from the Hidalgo County Purchasing Department and insurance from Hidalgo County Safety Division. The Purchasing Department's Fixed Asset Division requires proof of insurance from the Hidalgo County Safety Division and a copy of the judgment in order to issue an asset tag for vehicles forfeited to Constable Precinct 3.

If a vehicle is not placed in use or if a vehicle previously put to use is no longer needed, a transfer form is prepared by Chief Deputy or his designee and the vehicle is declared surplus. Until an auction is conducted, the vehicle is safeguarded at the Constable Precinct 3 Office. In addition, a certificate of title is not obtained for vehicles not placed in use.

Scope and Methodology:

The scope of the audit was limited to a review of all seized currency and personal property for which an agent's affidavit was made available to the County Auditor's Office for review and all forfeited currency and personal property for which a final judgment was rendered and recorded in *Odyssey*, the County's justice information system, for the period of January 1, 2022 through December 31, 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 improvements could be made.

In conducting our review, the following procedures were performed:

1. Generated "Cases filed" and "Cases disposed" index reports for the period of January 1, 2022 to December 31, 2022 from *Odyssey* to determine if all seized, forfeited, and property returned to respondents was reported on the Chapter 59 Asset Forfeiture Report.
2. Reviewed expenditures from the Constable Precinct No. 3 Chapter 59 Forfeiture Fund to determine if expenditures were incurred for law enforcement purposes pursuant to CCP §59.06 (d-3).
3. Selected 2 vehicles for physical identification. 1 vehicle was seized and/or forfeited and not sold as of December 31, 2022, and 1 vehicle was transferred from another agency (HIDTA).
4. Compared Chapter 59 revenue and expenditure reports generated from *LINQ*, the County's financial accounting system, and the "Purchasing Department/Fixed Asset Division Auction Report" to the Chapter 59 Asset Forfeiture Report to determine if all revenues and expenditures were reported.
5. Reviewed written policies and procedures for the accounting and reporting of seizures and forfeitures. In addition, inquired whether seizures were promptly recorded and controlled by using pre-numbered official receipt forms. Constable Precinct No. 3 is in the process in finalizing formal policies and procedures for Chapter 59 seizures and forfeitures.

Conclusion:

Based on the results of the audit, we determined that Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported; however, improvements could be made to the system of internal controls for the accounting and reporting of Chapter 59 seizures, forfeitures, receipts, and expenditures as noted in finding number 5 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

HIDALGO COUNTY DISTRICT JUDGES

accordance with management's authorization and recorded properly.

1. A review of the "Cases filed" and "Cases disposed" index reports generated from *Odyssey* for the period of review revealed that the Constable Precinct No. 3 had no seizures or forfeitures.
2. All expenditures from Constable Precinct No. 3 Chapter 59 Forfeiture Fund were incurred for law enforcement purposes pursuant to CCP §59.06 (d-3).
3. All vehicles were physically identified.
4. All Chapter 59 revenues and expenditures recorded in *LINQ* and the "Purchasing Department/Fixed Asset Division Auction Report" were reported on the Chapter 59 Asset Forfeiture Report.
5. The Constable Precinct No. 3 Office has implemented policies and procedures regarding Chapter 59 seizures and forfeitures. However, pre-numbered official receipt forms were not utilized to record and control seizures.

Recommendation:

In our opinion, the issues noted in finding number 5 could be addressed by developing and implementing formal monitoring policies and procedures to ensure that all seizures are recorded and controlled by using pre-numbered forms. The forms should require the signature of the agent counting and witness verifying the seizure. In addition, the respondent's signature, if possible, should be obtained and documented on the receipt form.

Please provide a written management response to the findings noted above on the attached Management Response Forms by Tuesday, February 13, 2024. 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 recommendations, please call Alejandro Torres, Internal Auditor II, at 318-2511 ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



Letty Chavez
County Auditor

Enclosure: Management Response Forms

cc: The Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Kent Richardson, Assistant Attorney General

HIDALGO COUNTY DISTRICT JUDGES



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

AUDITEE:	<u>The Honorable Lazaro Gallardo, Constable</u>	AUDIT NO.:	<u>2023-07</u>
AUDIT:	<u>Chapter 59 Asset Forfeiture Report YE 12-31-22</u>	MANAGEMENT RESPONSE DUE:	<u>February 13, 2024</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

In our opinion, the issues noted in finding number 5 could be addressed by developing and implementing formal monitoring policies and procedures to ensure that all seizures are recorded and controlled by using pre-numbered forms. The forms should require the signature of the agent counting and witness verifying the seizure. In addition, the respondent's signature, if possible, should be obtained and documented on the receipt form.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

January 29, 2024

The Honorable Atanacio Gaitan, Constable
Hidalgo County Precinct No. 4
1212 S. 25th Ave., Suite B
Edinburg, TX 78542

Re: Chapter 59 Asset Forfeiture Report YE 12-31-22 Audit No. 2023-08

Dear Constable Gaitan:

We completed an audit of the Chapter 59 Asset Forfeiture Audit Report by Law Enforcement Agency for the Year Ended December 31, 2022 pursuant to Code of Criminal Procedure §59.06 (g)(1) and Local Government Code §115.001 and §115.0035. The objective of the audit was to determine if Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported.

Executive Summary:

Based on the results of the audit, we determined that Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported; however, improvements could be made to the system of internal controls for the accounting and reporting of Chapter 59 seizures, forfeitures, receipts, and expenditures. More specifically, the following was noted:

- Formal policies and procedures regarding Chapter 59 cash seizures have not been implemented; and
- Pre-numbered official receipt forms were not utilized to record and control seizures.

Background:

Code of Criminal Procedure (CCP) Chapter 59 "Forfeiture of Contraband" provides law enforcement agencies with the authority to confiscate, forfeit, and dispose of contraband. Chapter 59 defines "contraband" as property of any nature (including real, personal, tangible, or intangible property) that is used or intended for use in the commission of certain enumerated felonies, Class A and Class B misdemeanors, or gained, acquired, and/or used to facilitate the commission of certain enumerated felonies and misdemeanors.

Local Government Code (LGC) §115.0035(b) provides that "at least once each county fiscal year, or more often if the county auditor desires, the auditor shall, without advance notice, fully examine the accounts of all precinct, county and district officials." LGC §115.0035(a) defines "accounts" as all public funds that are subject to the control of any precinct, county or district official, including the accounts of law enforcement agencies and the attorney for the state composed of money and proceeds of property seized.

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

Pursuant to CCP §59.06 (a), all forfeited property is administered by the District Attorney, acting as the agent of the state, in accordance with accepted accounting practices and with the provisions of any local agreement entered into between the District Attorney and law enforcement agencies (LEAs).

Pursuant to CCP §59.06 (b), if a local agreement exists between the District Attorney and the LEA, the District Attorney may transfer the property to the LEA. In addition, CCP § 59.06 (c) states, if a local agreement exists

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 82nd D.C. FERNANDO MANCIAS JUDGE, 93rd D.C. J. R. "BOBBY" FLORES JUDGE, 139th D.C. ROSE GUERRA REYNA JUDGE, 206th D.C. MARLA CUELLAR JUDGE, 275th D.C. MARIO E. RAMIREZ, JR. JUDGE, 332nd D.C. NOE GONZALEZ JUDGE, 370th D.C. OVERSEER LETICIA LOPEZ JUDGE, 389th D.C. L. KENO VASQUEZ JUDGE, 398th D.C. ISRAEL RAMON, JR. JUDGE, 430th D.C. RENEE R. BETANCOURT JUDGE, 449th D.C. JOSE "JOE" RAMIREZ JUDGE, 464th D.C. YSMAEL FONSECA JUDGE, 476th D.C.

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

CCP §59.06 (d) states that awarded proceeds may be spent by a law enforcement agency after a detailed budget has been submitted to Commissioners Court. The Constable Precinct No. 4 Chapter 59 budget for the year ended December 31, 2022 was \$171,777.31 and expenditures totaled \$60,390.40 (i.e., equipment, supplies, in state travel, and cash match for body-worn camera grant).

Pursuant to CCP §59.06 (d-3), an expenditure of proceeds received under this chapter is considered to be for a law enforcement purpose if the expenditure is made for an activity of a law enforcement agency that relates to the criminal and civil enforcement of the laws of the State, including an expenditure made for: (1) equipment, including vehicles, computers, firearms, protective body armor, furniture, software, uniforms, and maintenance equipment; (2) supplies, including office supplies, mobile phone and data account fees for employees, and internet services; (3) investigative and training-related travel expenses, including payment for hotel rooms, airfare, meals, rental of and fuel for a motor vehicle, and parking; (4) conferences and training expenses, including fees and materials; (5) investigative costs, including payments to informants and lab expenses; (6) crime prevention and treatment programs; (7) facility costs, including building purchases, lease payments, remodeling and renovating, maintenance, and utilities; (8) witness-related costs, including travel and security; and (9) audit costs and fees, including audit preparation and professional fees.

Pursuant to CCP §59.06 (t)(1), contraband for which forfeiture is authorized with respect to an offense under section 20.05, 20.06, 20.7, 43.04, or 43.05 or Chapter 20A of the Penal Code should be used to provide direct victim services or to cover the costs of a contract with local nonprofit organization to provide direct services to crime victims.

For the year ended December 31, 2022, the Constable Precinct No. 4 had no seizures or forfeitures.

Local Agreement between District Attorney's Office and Constable Precinct No. 4

On May 20, 2015, the Hidalgo County District Attorney and Constable Precinct No. 4 entered into a local agreement pursuant to CCP §59.06 (b). According to the local agreement, Constable Precinct No. 4 is responsible for paying all court costs, attorney ad-litem fees, depositions, title searches, title policies, confidential informants, storage costs, and all other related costs in the forfeiture of vehicles and all other personal property.

Personal Property (Vehicles, laptops, computers, cell phones, weapons, etc.)- If personal property, including vehicles retained by Constable Precinct No. 4 are to be sold, net proceeds from the sale of said property, after deduction of costs, are to be divided as follows: 75% to Constable Precinct No. 4 and 25% to the District Attorney.

If personal property, including vehicles that are retained by the Constable for law enforcement purposes are at any time decommissioned and then sold, net proceeds from the sale of said property, after deduction of costs, are to be divided as follows: 75% to Constable Precinct No. 4 and 25% to the District Attorney.

All property seized, except for currency, bank accounts, negotiable instruments, and jewelry, shall be kept in the possession of the Constable. The Constable shall account for all seized property in his possession until the property is disposed of by court order. All other personal property, not suitable or desired for use, shall be forfeited to the District Attorney and sold at public auction. The net proceeds of said sale of said property, after deductions of sale expenses, shall be divided as follows: 60% to Constable Precinct No. 4 and 40% to the District Attorney.

Proceeds from the sale of real, personal, tangible, or intangible property subject to the agreement shall be apportioned within thirty (30) days of said sale.

HIDALGO COUNTY DISTRICT JUDGES

Constable Precinct No. 4 Procedures

The Constable Precinct No. 4 Office has the following procedures for the seizure and forfeiture of personal property; however, formal policies and procedures to provide direction and reference to officers seizing cash have not been established. In addition, pre-numbered official receipt forms were not utilized to record and control seizures.

Deputy Constables are required to call a towing company to tow and store vehicles and/or property pending forfeiture proceedings to the County's storage site. Before releasing vehicle(s) and or property to towing company, Deputy Constables conduct a full inspection and inventory of the seized vehicle(s) and/or property. Deputy Constables are required to include photographs with seizure documents.

The following forms must be turned in to the District Attorney's Office before the 30 day after the date of the offense: Asset Forfeiture Intake Sheet; Officer Sworn Affidavit; Vehicle Registration Form; Preliminary Offense Report; Detailed Report; Complete Wrecker Inventory Form; and Intake Sheet Receipt.

A log of all seized property is kept by the Constable Precinct No. 4 Office. The Log will indicate the status of the property, location and condition.

If a forfeited vehicle is put to use by the agency, an application for certificate of title, along with a copy of the final judgment, is submitted to the Motor Vehicle Department for the forfeited vehicle(s). The original title is sent to the Purchasing Department Fixed Asset Division to obtain an asset tag and a copy is maintained on file. Insurance coverage is also requested for all vehicles placed in use from the Hidalgo County Safety Division. Proof of insurance is sent to the Purchasing Department.

Agreement for Auctioneer Services

On July 26, 2019 the Hidalgo County Commissioners Court entered into a contract with AMT Auction Marketing for the provision of auctioneer services. On July 13, 2021 the Hidalgo County Commissioners Court approved the option to exercise the second two one-year extension/renewal terms and the contract was extended until July 29, 2022. No auctions were held from July 30, 2022 through September 30, 2022. On September 27, 2022, the Hidalgo County Commissioners Court entered into a contract with Bond & Bond Auctioneering services. The contract is effective from October 1, 2022 to September 30, 2025, with an option to extend for an additional two (2) one (1) year terms.

Scope and Methodology:

The scope of the audit was limited to a review of all seized currency and personal property for which an agent's affidavit was made available to the County Auditor's Office for review and all forfeited currency and personal property for which a final judgment was rendered and recorded in *Odyssey*, the County's justice information system, for the period of January 1, 2022 through December 31, 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 improvements could be made.

In conducting the review, the following procedures were performed:

1. Compared Chapter 59 revenue and expenditure reports generated from *LINQ*, the County's financial accounting system, and the "Purchasing Department/Fixed Asset Division Auction Report" to the Chapter 59 Asset Forfeiture Report to determine if all revenues and expenditures were reported.
2. Generated "Cases filed" and "Cases disposed" index reports for the period of January 1, 2022 to December 31, 2022 from *Odyssey* to determine if all seized, forfeited, and property returned to respondents was reported on the Chapter 59 Asset Forfeiture Report.
3. Reviewed expenditures from the Constable Precinct No. 4 Chapter 59 Forfeiture Fund to determine if expenditures were incurred for law enforcement purposes pursuant to CCP §59.06 (d-3).
4. Reviewed the petitions and judgements for property related to an offense under Section 20.05, 20.06, 20.07, 43.04, or 43.05 or Chapter 20A of the Penal Code to determine if the forfeited property was properly accounted for.

HIDALGO COUNTY DISTRICT JUDGES

5. Selected 1 vehicle that was seized and/or forfeited and not sold during the reporting period for physical identification.
6. Reviewed written policies and procedures for the accounting and reporting of seizures and forfeitures. In addition, inquired whether seizures were promptly recorded and controlled by using pre-numbered official receipt forms.

Conclusion:

Based on the results of the audit, we determined that Chapter 59 seizures, forfeitures, receipts, and expenditures were properly accounted and reported; however, improvements could be made to the system of internal controls for the accounting and reporting of Chapter 59 seizures, forfeitures, receipts, and expenditures as noted in finding number 6 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.

1. A review of the "Cases filed" and "Cases disposed" index reports generated from *Odyssey* for the period of review revealed that the Constable Precinct No. 4 had no seizures or forfeitures.
2. All expenditures from Constable Precinct No. 4 Chapter 59 Forfeiture Fund were incurred for law enforcement purposes pursuant to CCP §59.06 (d-3).
3. There were no petitions or judgments for property related to an offense under section 20.05, 20.06, 20.7, 43.04, or 43.05 or Chapter 20A of the Penal Code.
4. The vehicle was physically located.
5. All Chapter 59 revenues and expenditures recorded in *LINQ* and the "Purchasing Department/Fixed Asset Division Auction Report" were reported on the Chapter 59 Asset Forfeiture Report.
6. The Constable Precinct No. 4 Office policies and procedures regarding Chapter 59 seizures do not include procedures for cash seizures. In addition, pre-numbered official receipt forms were not utilized to record and control seizures. Constable Precinct No. 4 is in the process in finalizing formal policies and procedures for Chapter 59 seizures and forfeitures.

Recommendation:

In our opinion, the issued identified in finding number 6 could be addressed by developing and implementing formal policies and procedures to ensure proper procedures for cash seizures are implemented. Furthermore, all seizures should be recorded and controlled by using pre-numbered forms. The forms should require the signature of the agent counting and witness verifying the seizure. In addition, the respondent's signature, if possible, should be obtained and documented on the receipt form.

Please provide a written management response to the findings noted above on the attached Management Response Forms by Tuesday, February 13, 2024. 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 recommendations, please call Alejandro Torres, Internal Auditor II, at 318-2511 ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



Letty Chavez
County Auditor

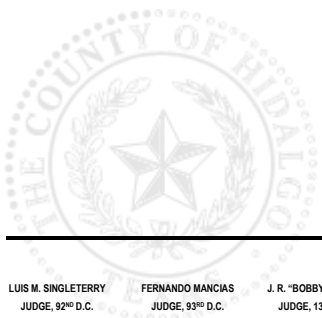
Enclosure: Management Response Forms

cc: Honorable Richard Cortez, County Judge

HIDALGO COUNTY DISTRICT JUDGES

The Honorable Atanacio Gaitan
January 18, 2024
Page 5 of 5

Mr. Valde Guerra, County Executive Officer
Mr. Kent Richardson, Assistant Attorney General
Mr. Romeo Pena, Jr., Sergeant, Constable Precinct No. 4



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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**HIDALGO COUNTY AUDITOR'S OFFICE
INTERNAL AUDIT DIVISION
MANAGEMENT RESPONSE FORM**

AUDITEE:	<u>The Honorable Atanacio Gaitan, Constable</u>	AUDIT NO.:	<u>2023-08</u>
AUDIT:	<u>Chapter 59 Asset Forfeiture Report YE 12-31-22</u>	MANAGEMENT RESPONSE DUE:	<u>February 13, 2024</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

In our opinion, the issued identified in finding number 6 could be addressed by developing and implementing formal policies and procedures to ensure proper procedures for cash seizures are implemented. Furthermore, all seizures should be recorded and controlled by using pre-numbered forms. The forms should require the signature of the agent counting and witness verifying the seizure. In addition, the respondent's signature, if possible, should be obtained and documented on the receipt form.

Management Response (Choose One):

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

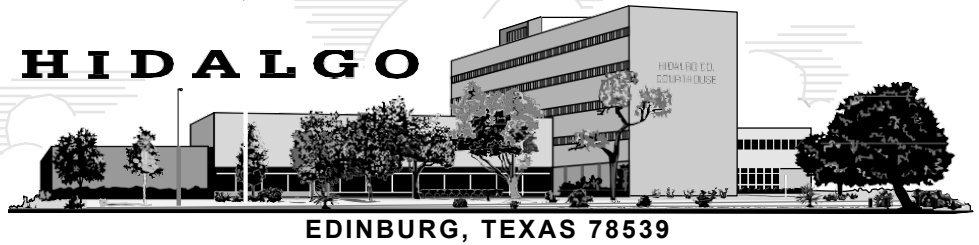
Management Comments (Attach additional page(s) if necessary):

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO

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



March 19, 2024

The Honorable Atanacio Gaitan Jr., Constable
Hidalgo County Precinct No. 4
1212 S. 25th Ave., Suite B
Edinburg, TX 78542

Re: Cash Count Report No. 2023-58

Dear Constable Gaitan:

We conducted a surprise cash count of the cash held at your office on June 27, 2023 as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate your office's progress towards resolving the observations identified in the cash count conducted on May 31, 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 improvements could be made.

As part of the procedures, we verified cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were completed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the cash count included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

At the time of the cash count, receipts had not been issued and collections had not been made. In addition, we determined that adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions regarding this cash count or would like to schedule a meeting to further discuss it, please contact Enrique Leal, Internal Auditor II, at (956) 318-2511, ext. 4641, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at 4651.

Respectfully,

Letty Chavez
County Auditor

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 93 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.	YSMAEL FONSECA JUDGE, 476 th D.C.
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The Honorable Atanacio Gaitan, Jr.
March 19, 2024
Page 2 of 2

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Horaldo Sanchez, Chief Deputy Constable, Constable Precinct No. 4



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO

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



February 14, 2024

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

Re: Cash Count Report No. 2023-59, 2023-60, and 2023-67

Dear Ms. Leo:

We conducted a surprise cash count of the cash held at the County Treasurer's Office on June 15, 2023, September 27, 2023, and December 7, 2023 pursuant to Local Government Code §115.003 and §115.0035. The objective of the cash count was to determine if total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Executive Summary:

Based on the cash counts, we concluded that total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund of \$50.00; however, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement. More specifically, we noted that cashiers have the ability to modify receipts and manual receipts are not properly destroyed and maintained.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash counts. We also conducted a follow-up to evaluate the progress toward resolving the observation identified in the cash count conducted on March 24, 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

Conclusion:

Cash on hand at the time of the cash counts totaled \$61,189.64 on June 15, 2023, \$853,465.42 on September 27, 2023, and \$419,305.43 on December 7, 2023. Based on the cash counts, we concluded that total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund of \$50.00. However, we noted that cashiers have the ability to modify receipts and manual receipts are not properly destroyed and maintained.

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.

Repeat Observation No. 1:

We noted that cashiers have access to modify receipts (i.e., receipt amount, payer name, payment description, and general ledger account number) that have been printed and issued to the payor, but have not been posted to *Alio*. According to staff, as a compensating control, all cashiers must obtain approval from the Chief Deputy before making any modifications to receipts. An update to resolve the issue was installed by LINQ on October

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 83RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 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. YSMAEL FONSECA JUDGE, 476TH D.C.

8, 2020. According to the Chief Deputy, he is waiting for the approval of the County Treasurer to proceed with the implementation of the new process.

Access controls provide management with reasonable assurance that data files and application programs are protected against unauthorized modification, disclosure, loss, or impairment. Access controls require users to authenticate themselves (through the use of unique user IDs and passwords) and limit the files and other resources that they can access and the actions that they can execute. For access controls to be effective, management must analyze the responsibilities of individual users and determine the type of access needed for the users to effectively fulfill their responsibilities. Access granted must be restricted to those authorized functions alone. Access authorizations and related controls should be monitored, maintained, and adjusted on an ongoing basis to accommodate for changes in a user's responsibilities (i.e., new hire, promotions, termination, and/or transfer of employees).

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

Recommendation:

Management should implement the update installed by LINQ that removes the employee's ability to modify receipts.

Observation No. 1:

Manual receipts numbers 0006-0050 were not accounted for. According to the Treasurer's Office staff, the receipts were destroyed, without notifying the Auditor's Office, since the receipts contained the name of the previous Treasurer. Additionally, the Treasurer's Office placed and received an order for manual receipts using a receipt sequence (0051-0100) that was previously assigned.

Pursuant to the Hidalgo County Cash Handling Guidelines and Procedures, all manual receipt books, checks, deposit slip books, and/or permits ordered by departments must be delivered by the vendor to the County Auditor's Office for proper safeguarding. In addition, receipt books that are no longer needed (ex. contains the previous elected official's name) must be returned to the Auditor's Office to be destroyed.

Failure to ensure manual receipts are properly destroyed and maintained may result in the loss or misuse of County funds.

Recommendation:

Management should ensure that all manual receipts are delivered by the vendor to the County Auditor's Office for proper safeguarding. In addition, receipt booklets that are no longer needed must be submitted to the County Auditor's Office to be destroyed.

Please provide a management response to the observations noted above by February 29, 2024. 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 this cash count, please contact Karen Ramirez, Internal Auditor IV, at (956) 318-2511, ext. 4606, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



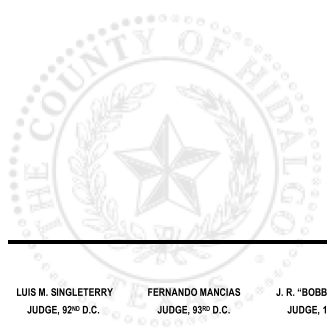
Letty Chavez
County Auditor

Enclosure: Management Response Forms

HIDALGO COUNTY DISTRICT JUDGES

The Honorable Lita Leo
February 14, 2024
Page 3 of 3

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Alfredo Zamarripa, Chief Deputy, Hidalgo County Treasurer's Office



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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**HIDALGO COUNTY AUDITOR'S OFFICE
INTERNAL AUDIT DIVISION
MANAGEMENT RESPONSE FORM**

AUDITEE:	<u>The Honorable Lita Leo Hidalgo County Treasurer</u>	AUDIT NO.:	<u>2023-59, 2023-60, and 2023-67</u>
AUDIT:	<u>Cash Count Report</u>	MANAGEMENT RESPONSE DUE:	<u>February 29, 2024</u>
REPEAT AUDIT OBSERVATION No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

Management should implement the update installed by LINQ (Alio) that removes the employee's ability to modify receipts.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO

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



May 7, 2024

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

Re: Cash Count Report No. 2023-61

Dear Constable Avila:

We conducted a surprise cash count of the cash held at your office on May 16, 2023, as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count.

Scope:

The scope of our review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate your office's progress towards resolving the observations identified in the cash count conducted on June 7, 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.

As part of the procedures, we verified that cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the audit included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

At the time of the cash count, receipts had not been issued and collections had not been made. In addition, we noted adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.


If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Enrique Leal, Internal Auditor II, at 318-2511 ext. 4641, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92nd D.C. FERNANDO MANCIAS JUDGE, 93rd D.C. J. R. "BOBBY" FLORES JUDGE, 139th D.C. ROSE GUERRA REYNA JUDGE, 206th D.C. MARLA CUELLAR JUDGE, 275th D.C. MARIO E. RAMIREZ, JR. JUDGE, 332nd D.C. NOE GONZALEZ JUDGE, 370th D.C. OVERSEER LETICIA LOPEZ JUDGE, 389th D.C. L. KENO VASQUEZ JUDGE, 398th D.C. ISRAEL RAMON, JR. JUDGE, 430th D.C. RENEE R. BETANCOURT JUDGE, 449th D.C. JOSE "JOE" RAMIREZ JUDGE, 464th D.C. YSMAEL FONSECA JUDGE, 476th D.C.

The Honorable Celestino Avila.
May 7, 2024
Page 2 of 2

Respectfully,


Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Joe Espinosa, Chief Deputy Constable, Constable Precinct No. 1



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO

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



May 14, 2024

Mr. Anthony Uresti, Director
Hidalgo County Planning Department
2818 S. Business Hwy 281
Edinburg, Texas 78539

Re: Cash Count Report No. 2023-62

Dear Mr. Uresti:

We conducted a surprise cash count of the cash held at the Planning Department's Edinburg Office on September 19, 2023 as required by Local Government Code §115.0035. The objective of the cash count was to determine if total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Scope:

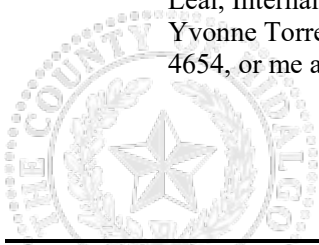
The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate your office's progress towards resolving the observations identified in the cash count conducted on June 23, 2022. The review was not designed nor intended 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 improvements could be made.

As part of the procedures, we verified that collections on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the cash count included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Cash on hand at the time of the cash count totaled \$1,345.00. Based on the cash count, we concluded that total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund. In addition, we determined that adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Enrique Leal, Internal Auditor II, at 318-2511 ext. 4641, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.




HIDALGO COUNTY DISTRICT JUDGES

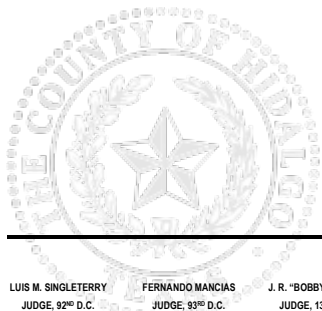
LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 208TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 378TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 388TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENE E. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 478TH D.C.

Mr. Anthony Uresti
May 14, 2024
Page 2 of 2

Respectfully,


Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Jorge J. Garcia, Division Manager, Hidalgo County Planning Department



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO

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



May 9, 2024

The Honorable Everardo Villarreal, Commissioner
Hidalgo County Precinct No. 3
724 North Breyfogle
Mission, TX 78574

Re: Cash Count Report No. 2023-69

Dear Commissioner Villarreal:

We conducted a surprise cash count of the cash held at the Precinct 3 Sanitation Office on August 24, 2023 as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Executive Summary:

Based on the results of the review, we determined that total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund of \$100.00; however, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement. More specifically, we noted that the Administrative Assistant IV and Clerk IV performed incompatible duties.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

As part of our procedures, we verified that collections on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during our walkthrough included, but were not limited to, the following: custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Cash on hand at the time of the cash count totaled \$175.00. Based on the results of the review, we determined that total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund of \$100.00; however, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement as noted in the following observation.

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

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

Observation 1:

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

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

In addition, the Clerk IV performs the following incompatible duties:

- Custody: Receives money, issues receipts, balances copies of receipts against the cash drawer, maintains a cash drawer, and transports deposits to the bank
- Recording: Prepares reports of cash received

Segregation of duties is a basic, key internal control in any organization. Segregation of duties prevents one individual from performing a transaction from beginning to end. In addition, it provides an individual with the opportunity to catch an error before a transaction is fully executed. Duties that should be segregated include: custody of assets, recording transactions, and authorization. The individual responsible for receiving money, issuing receipts, balancing copies of receipts against the cash drawer, maintaining a cash drawer, preparing deposits, transporting deposits to the bank, and having access to the inventory of unused receipts should be different from the individual responsible for accounting for the numerical sequence of cash receipts, maintaining inventory log of unused cash receipts, preparing reports of cash received, and preparing the monthly report.

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

Failure to ensure that incompatible duties are adequately segregated or that compensating controls are implemented increases the risk of loss or misuse of County revenues.

Recommendation:

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

Please provide a management response to the observation noted above by May 22, 2024. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Linda Vasquez, Internal Auditor III, at 318-2511 ext. 4694, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

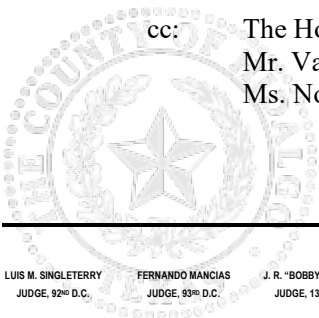
Respectfully,



Letty Chavez
County Auditor

Enclosures: Management Response Form

cc: The Honorable Richard Cortez, Hidalgo County Judge
Mr. Valde Guerra, County Executive Officer
Ms. Norma Ceballos, Executive Assistant III, Hidalgo County Precinct No. 3

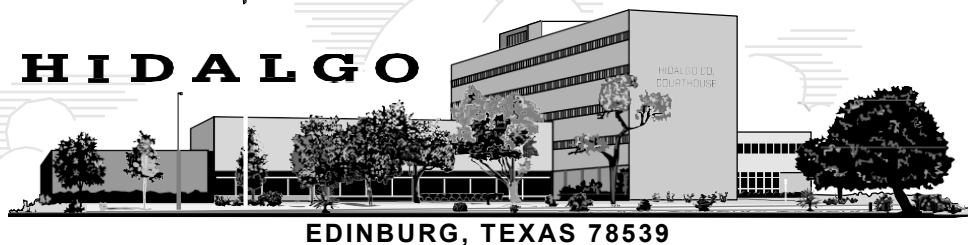


HIDALGO COUNTY DISTRICT JUDGES

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



May 9, 2024

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

Re: Cash Count Report No. 2023-71

Dear Constable Gallardo:

We conducted a surprise cash count of the cash held at your office on August 24, 2023, as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate your office's progress towards resolving the observation identified in the cash count conducted on December 7, 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.

As part of the procedures, we verified cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were completed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the audit included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

At the time of the cash count, receipts had not been issued and collections had not been made. In addition, we noted that generally adequate internal controls were in place to properly safeguard cash and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. However, we noted that a finding related to cameras identified in the December 7, 2022 cash count letter had not been resolved. According to management, they are accepting the risk and believe safeguards are in place to mitigate the risk of loss or misuse of County funds.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Linda Vasquez, Internal Auditor III, at 318-2511 ext. 4694, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92nd D.C. FERNANDO MANCIAS JUDGE, 93rd D.C. J. R. "BOBBY" FLORES JUDGE, 139th D.C. ROSE GUERRA REYNA JUDGE, 206th D.C. MARLA CUELLAR JUDGE, 275th D.C. MARIO E. RAMIREZ, JR. JUDGE, 332nd D.C. NOE GONZALEZ JUDGE, 370th D.C. OVERSEER LETICIA LOPEZ JUDGE, 389th D.C. L. KENO VASQUEZ JUDGE, 398th D.C. ISRAEL RAMON, JR. JUDGE, 430th D.C. RENEE R. BETANCOURT JUDGE, 449th D.C. JOSE "JOE" RAMIREZ JUDGE, 464th D.C. YSMAEL FONSECA JUDGE, 476th D.C.

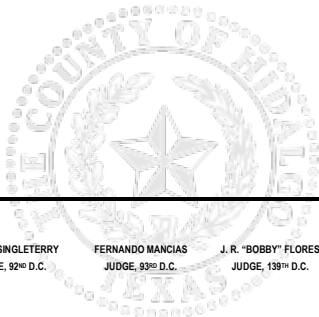
The Honorable Lazaro Gallardo Jr.
May 9, 2024
Page 2 of 2

Respectfully,



Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO

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



EDINBURG, TEXAS 78539

May 9, 2024

Mr. Anthony Uresti, Director
Hidalgo County Planning Department
2818 S. Business Hwy 281
Edinburg, Texas 78539

Re: Cash Count Report No. 2023-73

Dear Mr. Uresti:

We conducted a surprise cash count of the cash held at the Planning Department's Weslaco Office on May 16, 2023 as required by Local Government Code §115.0035. The objective of the cash count was to determine if total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Scope:

The scope of the review was limited to a count of the cash on hand at the time of the cash count. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction.


As part of the procedures, we verified that cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the cash count included but were not limited to the following: custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

At the time of the cash count, receipts had not been issued and collections had not been made. Based on the results of the review, we concluded that total cash on hand reconciled to the approved change fund of \$150.00. In addition, we noted that adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions, please contact Francisco Saenz, Internal Auditor III, at 318-2511 ext. 4667, Karen Ramirez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,


Lefty Chavez
County Auditor

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

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92nd D.C. FERNANDO MANCIAS JUDGE, 93rd D.C. J. R. "BOBBY" FLORES JUDGE, 139th D.C. ROSE GUERRA REYNA JUDGE, 206th D.C. MARLA CUELLAR JUDGE, 275th D.C. MARIO E. RAMIREZ, JR. JUDGE, 332nd D.C. NOE GONZALEZ JUDGE, 370th D.C. OVERSEER LETICIA LOPEZ JUDGE, 389th D.C. L. KENO VASQUEZ JUDGE, 398th D.C. ISRAEL RAMON, JR. JUDGE, 430th D.C. RENEE R. BETANCOURT JUDGE, 449th D.C. JOSE "JOE" RAMIREZ JUDGE, 464th D.C. YSMAEL FONSECA JUDGE, 476th 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



May 7, 2024

Erika Reyna, Director
Department of Human Resources
505 S. McColl Rd., Suite A
Edinburg, Texas 78539

Re: Cash Count Report No. 2023-74

Dear Ms. Reyna:

We conducted a surprise cash count of the cash held at the Department of Human Resources Employee Benefits Division on October 19, 2023, as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate your office's progress towards resolving the observation identified in the cash count conducted on November 2, 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 improvements could be made.


As part of the procedures, we verified that collections on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the cash count included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

At the time of the cash count, receipts had not been issued and collections had not been made. In addition, we determined that adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Enrique Leal, Internal Auditor II, at 318-2511 ext. 4641, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,


Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge
Mr. Valde Guerra, County Executive Officer

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. YSMAEL FONSECA JUDGE, 476TH D.C.

COUNTY of HIDALGO

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



March 20, 2024

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

Re: Cash Count Report No. 2023-75

Dear Commissioner Fuentes:

We conducted a surprise cash count of the cash held at the Weslaco Sanitation Office on May 16, 2023 as required by Local Government Code §115.0035. The objective of the cash count was to determine if total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Executive Summary:

Based on the review, we concluded that cash on hand reconciled to the total receipts issued up to the time of the cash count and approved change fund of \$200.00; however, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement. More specifically, we noted that the Administrative Assistant IV performed incompatible duties.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate your office's progress towards resolving the observations identified in the cash count conducted on June 30, 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 improvements could be made.

As part of the procedures, we verified that collections on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the cash count included, but were not limited to, the following: custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Cash on hand at the time of the cash count totaled \$1,250.00. Based on the results of the review, we concluded that total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund of \$200.00; however, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement as noted in the following observation.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

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 1:

We noted that segregation of duties over the collection and recording of cash requires improvement. The Administrative Assistant IV performs the following incompatible duties:

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

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

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

Failure to ensure that incompatible duties are adequately segregated or that compensating controls are implemented increases the risk of loss or misuse of County funds.


Recommendation:

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

Please provide a management response to the observation noted above on the attached Management Response Form by April 4, 2024. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions, please contact Francisco Saenz, Internal Auditor III, at 318-2511 ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,

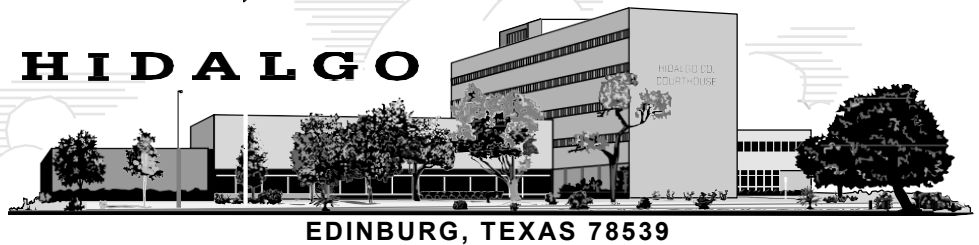

Letty Chavez
County Auditor

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

HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO

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



February 13, 2024

Honorable Daniel Marichalar, Constable
Hidalgo County Precinct No. 5
708 E. Edinburg Ave., Ste A
Elsa, Texas 78543

Re: Cash Count Report No. 2023-76

Dear Constable Marichalar:

We conducted a surprise cash count of the cash held at your office on April 12, 2023, as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count.

Executive Summary:

At the time of the cash count, receipts had not been issued and collections had not been made. However, we noted that the system of internal controls for the collection and safeguarding of cash require improvement. More specifically, we noted the following:

- Security cameras were not utilized where cash is received and safeguarded;
- Incompatible duties were not adequately segregated; and
- *Cashier's Daily Close-Out Reports* are not properly prepared on a daily basis.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review of the internal control weaknesses identified in the cash count conducted on July 17, 2019. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvements could be made.

As part of the procedures, we verified that cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during our walkthrough included but were not limited to the following: custody of cash, use of lock cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

At the time of the cash count, receipts had not been issued and collections had not been made. However, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement as noted in the following observations.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92nd D.C. FERNANDO MANGIAS JUDGE, 93rd D.C. J. R. "BOBBY" FLORES JUDGE, 139th D.C. ROSE GUERRA REYNA JUDGE, 206th D.C. MARLA CUELLAR JUDGE, 275th D.C. MARIO E. RAMIREZ, JR. JUDGE, 332nd D.C. NOE GONZALEZ JUDGE, 370th D.C. OVERSEER LETICIA LOPEZ JUDGE, 389th D.C. L. KENO VASQUEZ JUDGE, 398th D.C. ISRAEL RAMON, JR. JUDGE, 430th D.C. RENEE R. BETANCOURT JUDGE, 449th D.C. JOSE "JOE" RAMIREZ JUDGE, 464th D.C. YSMAEL FONSECA JUDGE, 476th D.C.

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.

Repeat Observation No. 1:

We noted that security cameras were not utilized where cash is received and safeguarded.

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

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

Recommendation:

Management should contact the Information Technology Department for assistance to ensure that security cameras are installed in areas where cash is received and safeguarded.

Observation No. 1:

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

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

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

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

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

Failure to ensure that incompatible duties are adequately segregated increases the risk of loss or misuse of County funds.

Recommendation:

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

HIDALGO COUNTY DISTRICT JUDGES

Observation No. 2:

We noted that the April 11, 2023 (prior day) *Daily Close-Out Report* was prepared at the time of the cash count with a copy of a report that contained signatures of the cashier, witness, and of the Constable. According to staff, copies of pre-filled and pre-approved *Cashier Daily Close-Out Reports* are maintained and completed on days when there are no collections.

The County Auditor's Office requires that collections be reconciled to receipts on a daily basis. Each day, the cashier must reconcile the cash drawer against receipts issued and the change fund, if any, using the *Cashier's Daily Close-Out Report*. The reconciliation must be witnessed by another person. Thereafter, the County official or his designee must sign the *Cashier's Daily Close-Out Report* to document responsibility for reviewing and approving the Daily Close-Out Report.

Failure to ensure that the *Cashier's Daily Close-Out Report* are properly prepared daily may increase the risk of loss of County funds.

Recommendation:

Management should ensure that the *Cashier's Daily Close-Out Report* are properly prepared on a daily basis. Furthermore, the *Cashier's Daily Close-Out Report* should not be pre-filled and pre-approved by the County official or his designee. At a minimum, the procedures noted above should be implemented.

Please provide written management responses to the observations noted above on the attached Management Response Forms by February 28, 2024. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions regarding this cash count or would like to schedule a meeting to discuss this cash count, please contact Karen Ramirez, at 318-2511 ext. 4606, Corina Martinez, Compliance Audit Supervisor, at 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

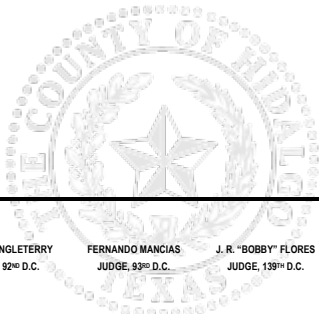
Respectfully,



Letty Chavez
County Auditor

Enclosures: Management Response Forms

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Diomar Galvan, Chief Deputy Constable, Constable Precinct No. 5
Mr. Daniel Salinas, Director of Information Technology Department



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. 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. YSMAEL FONSECA JUDGE, 476TH D.C.



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

AUDITEE: The Honorable Daniel Marichalar, Constable **AUDIT NO.:** 2023-76

AUDIT: Constable Precinct 5 Cash Count Report **MANAGEMENT RESPONSE DUE:** February 28, 2024

REPEAT OBSERVATION NO.: 1 **RECOMMENDATION:** 1

Management should contact the Information Technology Department for assistance to ensure that security cameras are installed in areas where cash is received and safeguarded.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: The Honorable Daniel Marichalar, Constable **AUDIT NO.:** 2023-76

AUDIT: Constable Precinct 5 Cash Count Report **MANAGEMENT RESPONSE DUE:** February 28, 2024

FINDING No.: 2 **RECOMMENDATION:** 2

Management should ensure that the Cashier's Daily Close-Out Report are properly prepared on a daily basis. Furthermore, the Cashier's Daily Close-Out Report should not be pre-filled and pre-approved by the County official or his designee. 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):

Specify Target Date of Remedial Action (if any):

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



May 7, 2024

The Honorable Toribio Palacios, Criminal District Attorney
Hidalgo County District Attorney's Office
100 N. Closner
Edinburg, TX 78539

Re: Hot Checks Cash Count Report No. 2023-77

Dear Mr. Palacios:

We conducted a surprise cash count of the cash held at your office on September 12, 2023 as required by Local Government Code § 115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued up to the time of the cash count.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate your office's progress towards resolving the observations identified in the cash count conducted on August 23, 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 improvements could be made.


As part of the procedures, we verified that collections on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the cash count included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Cash on hand at the time of cash count totaled \$630.20. Based on the results of the review, we concluded that total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count. In addition, we determined that adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Linda Vasquez, Internal Auditor III, at 318-2511 ext. 4694, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,


Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge
Mr. Valde Guerra, County Executive Officer
Ms. Rosalinda Cantu, Assistant Chief of Staff, Hidalgo County District Attorney's Office

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 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. YSMAEL FONSECA JUDGE, 476TH 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



May 9, 2024

The Honorable Toribio Palacios, Criminal District Attorney
Hidalgo County District Attorney's Office
100 N. Closner
Edinburg, TX 78539

Re: Asset Forfeiture Cash Count Report No. 2023-78

Dear Mr. Palacios:

We conducted a surprise cash count of the cash held at the District Attorney's Office – Asset Forfeiture Division on September 12, 2023 as required by Local Government Code § 115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate your office's progress towards resolving the observation identified in the cash count conducted on August 23, 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 improvements could be made.

As part of the procedures, we verified that collections on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the cash count included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

At the time of the cash count, receipts had not been issued and collections had not been made. In addition, we determined that adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Linda Vasquez, Internal Auditor III, at 318-2511 ext. 4694, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,


Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge
Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

COUNTY of HIDALGO

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



May 7, 2024

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

Re: Cash Count Report No. 2023-79

Dear Constable Cantu:

We conducted a surprise cash count of the cash held at your office on November 14, 2023, as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count.

Scope:

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

As part of the procedures, we verified cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were completed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the audit included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

There were no collections at time of cash count. In addition, we determined that adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Alejandro Torres, Internal Auditor III, at 318-2511 ext. 4644, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,


Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Fernando Gaitan, Chief Deputy, Constable Precinct No. 2

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92nd D.C. FERNANDO MANCIAS JUDGE, 93rd D.C. J. R. "BOBBY" FLORES JUDGE, 139th D.C. ROSE GUERRA REYNA JUDGE, 206th D.C. MARLA CUELLAR JUDGE, 275th D.C. MARIO E. RAMIREZ, JR. JUDGE, 332nd D.C. NOE GONZALEZ JUDGE, 370th D.C. 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. YSMAEL FONSECA JUDGE, 476th D.C.

COUNTY of HIDALGO

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May 7, 2024

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

Re: Cash Count Audit No. 2023-81

Dear Ms. Chapa:

We conducted a surprise cash count of the cash held at your office on December 13, 2023, as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate your office's progress towards resolving the observation identified in the cash count conducted on December 1, 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 improvements could be made.

As part of the procedures, we verified that collections on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the cash count included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Cash on hand at the time of the cash count totaled \$422.00. Based on the results of the review, we determined that total cash on hand reconciled to the total receipts issued up to the time of cash count and the change fund of \$300. In addition, we determined that adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Karen Ramirez, Compliance Audit Supervisor, at 318-2511 ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,

Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO



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

May 7, 2024

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

Re: Cash Count Audit No. 2023-82

Dear Sheriff Guerra:

We conducted a surprise cash count of the cash held at the Sheriff's Office for the Investigative Fund account on October 4, 2023 as required by Local Government Code § 115.0035. The objective of the cash count was to determine if total cash on hand reconciled to the approved petty cash fund less total outstanding expenditure vouchers as of the time of the cash count.

Scope:

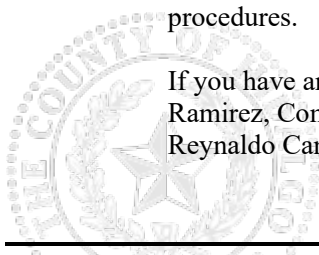
The scope of the review was limited to a count of the cash on hand and total outstanding vouchers as of the time of the cash count. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvements could be made.

As part of the procedures, we verified cash on hand agreed to the total vouchers issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were completed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the audit included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Cash on hand at the time of the cash count totaled \$8,600.00. Based on the review, we concluded that total cash on hand reconciled to the approved petty cash fund of \$10,000.00, less total outstanding vouchers. In addition, we noted adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions, please contact Francisco Saenz, Internal Auditor IV, at 318-2511 ext. 4667, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

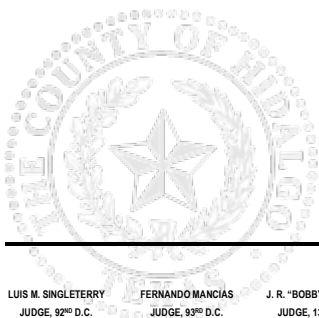
The Honorable Eddie Guerra, Sheriff
May 7, 2024
Page 2 of 2

Respectfully,



Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge
Mr. Valde Guerra, County Executive Officer
Ms. Myra Montoya, Budget Manager II, Hidalgo County Sheriff's Office



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO

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



May 7, 2024

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

Re: Cash Count Audit No. 2023-83

Dear Sheriff Guerra:

We conducted a surprise cash count of the cash held at the Sheriff's Office for the Fee account on October 4, 2023 as required by Local Government Code § 115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued up to the time of the cash count.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate your office's progress towards resolving the observation identified in the cash count conducted on August 11, 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 improvements could be made.


As part of the procedures, we verified cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were completed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the cash count included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Cash on hand at the time of the cash count totaled \$103.00. Based on the results of the review, we determined that total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund of \$100.00. In addition, we determined that adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Linda Vasquez, Internal Auditor III, at 318-2511 ext. 4694, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,


Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge
Mr. Valde Guerra, County Executive Officer
Ms. Myra Montoya, Budget Manager II, Hidalgo County Sheriff's Office

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 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. YSMAEL FONSECA JUDGE, 476TH 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

May 9, 2024

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

Re: Cash Count Audit No. 2023-84

Dear Sheriff Guerra:

We conducted a surprise cash count of the cash held at the Sheriff's Office for the Regular Trust account on October 4, 2023 as required by Local Government Code § 115.0035. The objective of the cash count was to determine if total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

As part of the procedures, we verified that cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the audit included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, segregation of duties.

Conclusion:

At the time of cash count, receipts had not been issued and collections had not been made. In addition, we noted that adequate internal controls were in place to properly safeguard cash and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Francisco Saenz, Internal Auditor IV, at 318-2511 ext. 4667, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

HIDALGO COUNTY DISTRICT JUDGES

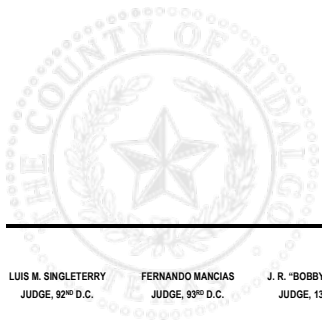
LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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Respectfully,



Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge
Mr. Valde Guerra, County Executive Officer
Ms. Myra Montoya, Budget Manager II, Hidalgo County Sheriff's Office



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO

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



April 10, 2024

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

Re: Cash Count Report No. 2023-85

Dear Commissioner Torres:

We conducted a surprise cash count of the cash held at the Edinburg Sanitation Office on July 31, 2023 as required by Local Government Code §115.0035. The objective of the cash count was to determine if total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

As part of the procedures, we verified cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were completed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the audit included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Cash on hand at the time of the cash count was \$1,805.00. Based on the results of the review, we concluded that total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund of \$200.00. In addition, we noted adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions regarding this cash count, please contact Enrique Leal, Internal Auditor II, at 318-2511 ext. 4641, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

HIDALGO COUNTY DISTRICT JUDGES

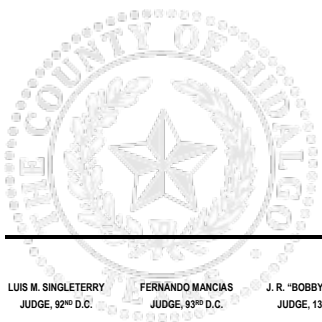
LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

Respectfully,



Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Dr. Jennifer Mendoza Culbertson, Chief Administrator-Internal Affairs, Hidalgo County Precinct
No. 4



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO

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



May 9, 2024

The Honorable Everardo Villarreal, Commissioner
Hidalgo County Precinct No. 3
724 North Breyfogle
P.O. Box 607
Mission, TX 78574

Re: Cash Count Report No. 2023-89

Dear Commissioner Villarreal:

We conducted a surprise cash count of the cash held at the Precinct 3 Sanitation Office (Sullivan City Office) on August 9, 2023 as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate your office's progress towards resolving the observations identified in the cash count conducted on December 28, 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.

As part of the procedures, we verified cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were completed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the audit included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Cash on hand at the time of the cash count totaled \$75.00. Based on the results of the review, we determined that the total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund of \$50.00. In addition, we noted that adequate internal controls were in place to properly safeguard cash and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Linda Vasquez, Internal Auditor III, at 318-2511 ext. 4694, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

HIDALGO COUNTY DISTRICT JUDGES

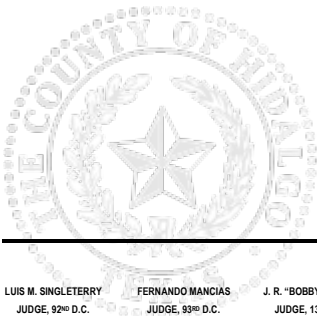
LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOÉ GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ 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. YSMAEL FONSECA JUDGE, 476TH D.C.

Respectfully,



Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge
Mr. Valde Guerra, County Executive Officer
Ms. Norma Ceballos, Executive Assistant III, Hidalgo County Precinct No. 3



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO



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

March 19, 2024

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

Re: Cash Count Report No. 2023-90

Dear Sheriff Guerra:

We conducted a surprise cash count of the cash held at the Sheriff's Office East Substation (Fee Account) on June 8, 2023, as required by Local Government Code §115.0035. The objective of the cash count was to determine whether total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Executive Summary:

There were no collections at the time of the cash count; however, the system of internal controls for the collection and safeguarding of cash requires improvement. More specifically, we noted that security cameras were not utilized in areas where cash is safeguarded.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate the office's progress towards resolving the observations identified in the cash count conducted on June 9, 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 improvements could be made.

As part of the procedures, we verified that cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the walkthrough included but were not limited to the following: custody of cash, use of lock cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

At the time of the cash count, receipts had not been issued and collections had not been made. Based on the results of the review, we concluded that total cash on hand reconciled to the approved change fund of \$50.00. However, the system of internal controls for the collection and safeguarding of cash requires improvement as noted in the observation below.

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. NOÉ 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. YSMAEL FONSECA JUDGE, 476TH D.C.

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.

Repeat Audit Observation No. 1:

We noted that security cameras were not utilized in areas where cash is safeguarded. According to staff, the office is currently in the process of procuring and installing cameras; however, at the time of the cash count this process was still ongoing.

The use of security cameras acts as a crime deterrent. The County Auditor's Office recommends that security cameras be installed in areas where cash collections are received and safeguarded.

Failure to utilize security cameras in areas where cash is safeguarded decreases management's ability to effectively monitor cash handling areas in the event of theft and may increase the risk of loss of County funds.

Recommendation:

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

Please provide a management response to the observation noted above on the attached Management Response Form by April 3, 2024. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions regarding this cash count or would like to schedule a meeting to discuss this cash count, please contact Corina Martinez, Compliance Audit Supervisor, at 318-2511 ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at 4651.

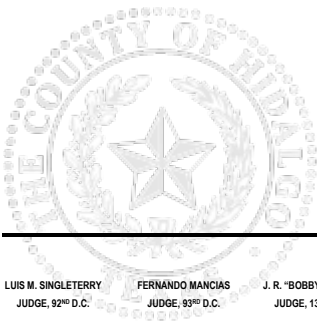
Respectfully,



Letty Chavez
County Auditor

Enclosures: Management Response Form

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Oscar Montoya, Division Chief, Hidalgo County Sheriff's Office
Ms. Myra Montoya, Budget Manager II, Hidalgo County Sheriff's Office



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 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. YSMAEL FONSECA JUDGE, 476TH D.C.



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

AUDITEE:	<u>Cash Count - Sheriff's Office East Substation (Fee Account)</u>	AUDIT NO.:	<u>2023-90</u>
AUDIT:	<u>Cash Count</u>	MANAGEMENT RESPONSE DUE:	<u>April 3, 2024</u>
Repeat Audit Observation No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

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

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO

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



March 20, 2024

Mr. Homero Garza, Fire Marshal
Hidalgo County Fire Marshal's Office
2814 S. Business Highway 281
Edinburg, Texas 78539

Re: Cash Count Audit No. 2023-91

Dear Mr. Garza:

We conducted a surprise cash count of the cash held at your office on July 6, 2023 as required by Local Government Code §115.0035. The objective of the cash count was to determine if total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

As part of the procedures, we verified cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were completed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the audit included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:


At the time of the cash count, receipts had not been issued and collections had not been made. Based on the results of the review, we concluded that total cash on hand reconciled to the approved change fund of \$150.00. In addition, we noted adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Alejandro Torres, Internal Auditor II, at 318-2511 ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

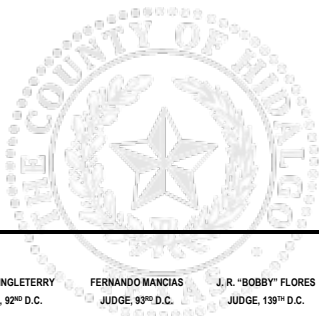
HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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Respectfully,


Letty Chavez
County Auditor

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO

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



March 19, 2024

Mr. Eduardo Olivarez, Director
Hidalgo County Department of Health and Human Services
Environmental Health Division
2804 S. Business Hwy 281
Edinburg, Texas 78539

Re: Cash Count Audit No. 2023-92

Dear Mr. Olivarez:

We conducted a surprise cash count of the cash held at the Environmental Health Division-Restaurant Health Permit Section on June 27, 2023, as required by Local Government Code § 115.0035. The objective of the cash count was to determine if total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Executive Summary:

Based on the review, we concluded that cash on hand reconciled to the total receipts issued up to the time of the cash count and approved change fund of \$25.00; however, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement. More specifically, we noted that the Executive Assistant performed incompatible duties.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

As part of the procedures, we verified cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were completed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the audit included but were not limited to the following: custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Cash on hand at the time of the cash count totaled \$325.00. Based on the review, we concluded that total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund of \$25.00; however, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement as noted in the following observation.

The responsibility for establishing and maintaining a sound internal control system rests with management. The objectives of an internal control system are to provide management with reasonable, but not absolute,

HIDALGO COUNTY DISTRICT JUDGES

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

FERNANDO MANCIAS
JUDGE, 93RD D.C.

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

ROSE GUERRA REYNA
JUDGE, 206TH D.C.

MARLA CUELLAR
JUDGE, 275TH D.C.

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

NOE GONZALEZ
JUDGE, 370TH D.C.
OVERSEER

LETICIA LOPEZ
JUDGE, 389TH D.C.

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

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

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

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

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 1:

We noted that segregation of duties over the collection and recording of cash requires improvement. The Executive Assistant performs the following incompatible duties:

- Custody: Receives money, issues receipts, balances copies of receipts against the cash drawer, maintains a cash drawer, and prepares bank deposits
- Recording: Prepares the monthly report

The responsibility for sound internal controls rests with management. Segregation of duties is a basic, key internal control in any organization. Segregation of duties prevents one individual from performing a transaction from beginning to end. In addition, it provides an individual with the opportunity to catch an error before a transaction is fully executed. Duties that should be segregated include: custody of assets, recording transactions, and authorization. The individual responsible for receiving money, issuing receipts, balancing copies of receipts against the cash drawer, maintaining a cash drawer, and preparing bank deposits should be different from the individual responsible for preparing the monthly report.

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

Failure to ensure that incompatible duties are adequately segregated or that compensating controls are implemented increases the risk of loss or misuse of County funds.

Recommendation:

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

Please provide a management response to the observation noted above on the attached Management Response Form by April 3, 2024. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

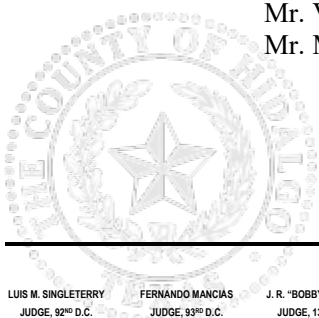
If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Linda Vasquez, Internal Auditor III, at 318-2511 ext. 4694, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



Letty Chavez
County Auditor

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Martin Ramirez, Program Manager, Environmental Health



HIDALGO COUNTY DISTRICT JUDGES



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

AUDITEE:	<u>Environmental Health Division-Restaurant Health Permit Section</u>	AUDIT NO.:	<u>2023-92</u>
AUDIT:	<u>Cash Count</u>	MANAGEMENT RESPONSE DUE:	<u>April 3, 2024</u>
FINDING No.:	<u>1</u>	RECOMMENDATION:	<u>1</u>

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

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO



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

March 19, 2024

Mr. Eduardo Olivarez, Director
Hidalgo County Department of Health and Human Services
Environmental Health Division
2804 S. Business Hwy 281
Edinburg, Texas 78539

Re: Cash Count Audit No. 2023-93

Dear Mr. Olivarez:

We conducted a surprise cash count of the cash held at the Environmental Health Division - On-Site Sewage Facilities - Edinburg location on June 27, 2023, as required by Local Government Code §115.0035. The objective of the cash count was to determine if total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

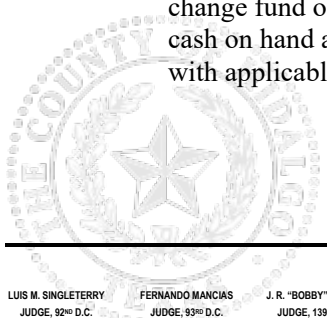
Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

As part of the procedures, we verified cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were completed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the audit included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Cash on hand at the time of the cash count totaled \$315.00. Based on the results of the review, we concluded that total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund of \$25.00. In addition, we noted adequate internal controls were in place to properly safeguard cash on hand and ensure that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures.



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

If you have any questions or would like to schedule a meeting to discuss this cash count, please contact Alejandro Torres, Internal Auditor II, at 318-2511 ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



Letty Chavez
County Auditor

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Martin Ramirez, Program Manager, Environmental Health



HIDALGO COUNTY DISTRICT JUDGES

- | | | | | | | | | | | | | |
|---|--|---|--|--|--|---|--|--|--|--|---|---|
| LUIS M. SINGLETERRY
JUDGE, 92 ND D.C. | FERNANDO MANGIAS
JUDGE, 93 RD D.C. | J. R. "BOBBY" FLORES
JUDGE, 139 TH D.C. | ROSE GUERRA REYNA
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OVERSEER | LETICIA LOPEZ
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JUDGE, 464 TH D.C. | YSMAEL FONSECA
JUDGE, 476 TH D.C. |
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COUNTY of HIDALGO



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

November 8, 2023

The Honorable Toribio "Terry" Palacios, Criminal District Attorney
Hidalgo County Office of Criminal District Attorney
100 E. Cano, 2nd Floor
Edinburg, Texas 78539

Re: H.B. 65 Financial Statements for January 2022 through September 2023

Dear Mr. Palacios:

We conducted a limited scope review of the H.B. 65 financial statements for the months of January 2022 through September 2023 pursuant to Local Government Code §112.006 (b), §115.001, §115.002 (b) and §115.901. The objective of the review was to obtain limited assurance that the financial statements are free from material misstatements.

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

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

If you have any questions, please contact Francisco Saenz, Internal Auditor II, at 318-2511 ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Reynaldo 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

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

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 93 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.	YSMAEL FONSECA JUDGE, 476 th D.C.
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COUNTY of HIDALGO



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November 8, 2023

The Honorable Toribio "Terry" Palacios, Criminal District Attorney
Hidalgo County Office of the Criminal District Attorney
100 E. Cano, 2nd Floor
Edinburg, TX 78539

Re: HIDTA Financial Statements for January 2022 through September 2023

Dear Mr. Palacios:

We conducted a limited scope review of the HIDTA financial statements for the months of January 2022 through September 2023 pursuant to Local Government Code §112.006 (b), §115.001, §115.002 (b), and §115.901. The objective of the review was to obtain limited assurance that the financial statements are free from material misstatements.

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

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

If you have any questions, please contact Francisco Saenz, Internal Auditor II, at 318-2511 ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4628, Reynaldo 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

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

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 93 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.	YSMAEL FONSECA JUDGE, 476 th D.C.
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COUNTY of HIDALGO



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November 8, 2023

The Honorable Toribio "Terry" Palacios, Criminal District Attorney
Hidalgo County Office of Criminal District Attorney
100 E. Cano, 2nd Floor
Edinburg, Texas 78539

Re: Hot Checks Financial Statements for January 2022 through September 2023

Dear Mr. Palacios:

We conducted a limited scope review of the Hot Checks financial statements for the months of January 2022 through September 2023 pursuant to Local Government Code §112.006 (b), §115.001, §115.002 (b), and §115.901. The objective of the review was to obtain limited assurance that the financial statements are free from material misstatements.

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

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

If you have any questions, please contact Francisco Saenz, Internal Auditor II, at 318-2511 ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Reynaldo 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

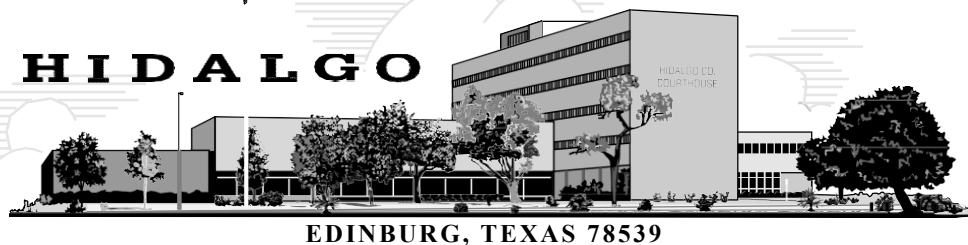
cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Ms. Rosalinda Cantu, Assistant Chief of Staff II, District Attorney's Office

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S C
Hidalgo County Administration B
2808 South Business Highway 28
Edinburg, Texas 78539-6243
PHONE: (956) 318-2511
FAX: (956) 318-2577



November 15, 2023

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

Re: "B" Account Financial Statements for September 2021 through February 2023

Dear Sheriff Guerra:

We conducted a limited scope review of the "B" Account financial statements for the months ended September 2021 through February 2023 pursuant to Local Government Code §112.006 (a), §115.001, §115.002 (b), and §115.901. The objective of the review was to obtain limited assurance that the financial statements are free from material misstatement.

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

Based on the review, nothing came to our attention that caused us to believe that the financial statements contained any material misstatement. However, we noted that the system of internal controls relevant to the preparation of the financial statements requires improvement as noted in the following observation.

Observation No. 1:

We noted that procedures for voiding receipts were not properly followed. At times, voided receipts did not contain an explanation for the void, the date receipt was voided, the cashier's signature, and/or the supervisor's signature of approval. In addition, the void receipt number and the new receipt number were not cross-referenced.

The County Auditor's Office requires that approval of a void receipt be obtained prior to voiding a receipt. Approval of void receipts should be limited to supervisors. The supervisor should ensure the original and all copies of the void receipt contain on the face of the receipt the word "void", an explanation for the void, the date receipt was voided, the cashier's signature and the supervisor's signature of approval. In addition, the supervisor should ensure that if a new receipt is issued, the voided receipt number and the new receipt number are cross-referenced.

Failure to properly void receipts may result in the loss or misuse of County funds.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

Recommendation:

Management should train staff regarding the proper procedures for voiding receipts. At a minimum, the procedures listed above should be implemented.

Please provide a management response to the observation noted above by November 30, 2023. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions, please contact Enrique Leal, Internal Auditor II, at 318-2511, ext. 4641, Corina Martinez Cantu III, Compliance Audit Supervisor, at ext. 4656, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

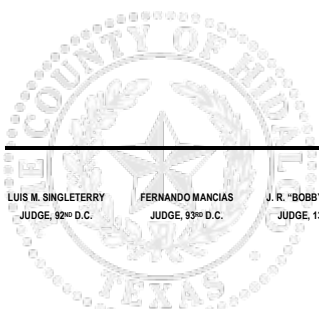
Respectfully,



Linda Fong, CPFO
Interim County Auditor

Enclosure: Management Response Form

cc: Honorable Richard Cortez, County Judge
Valde Guerra, County Executive Officer
Myra Montoya, Budget Manager II, Hidalgo County Sheriff's Office



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO

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



November 14, 2023

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

Re: Fee Account MFR for November 2021 through July 2023

Dear Sheriff Guerra:

We conducted a limited scope review of the Fee Account *Monthly Fees Report* (MFR) for the months of November 2021 through July 2023 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 collected were generally properly accounted and reported; however, the system of internal controls for the accounting, reporting, and collection of proper fees requires improvement. More specifically, we noted the Sheriff's Office does not collect fees in accordance with the fee schedule approved by Commissioners Court.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of November 2021 through July 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the MFR and supporting documentation were submitted to the County Auditor's Office within five days after the last day of the month pursuant to Local Government Code §114.001(b).
- Verified that the MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts to determine if proper fee amounts were collected and reported.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANGIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

- Verified that procedures for voiding receipts were properly followed.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued per the Receipt Journal Report generated from *Odyssey*; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts were issued in sequential order.
- Verified that receipts and the MFR were properly completed.

Conclusion:

Total collections for the months of November 2021 through July 2023 were as follows:

Month	Amount	Month	Amount	Month	Amount	Month	Amount
Nov-21	\$ 21,620.10	May-22	\$ 26,364.41	Nov-22	\$ 21,935.29	May-23	\$ 23,465.82
Dec-21	\$ 26,469.22	Jun-22	\$ 26,778.38	Dec-22	\$ 23,087.07	Jun-23	\$ 30,055.60
Jan-22	\$ 28,767.86	Jul-22	\$ 23,116.35	Jan-23	\$ 23,552.40	Jul-23	\$ 28,363.61
Feb-22	\$ 32,928.00	Aug-22	\$ 28,670.45	Feb-23	\$ 23,463.00		
Mar-22	\$ 29,238.44	Sep-22	\$ 21,138.75	Mar-23	\$ 34,506.56		
Apr-22	\$ 27,673.69	Oct-22	\$ 27,938.58	Apr-23	\$ 23,057.91		

Based on the review, we concluded that fees collected were generally properly accounted and reported; however, the system of internal controls for the accounting, reporting, and collection of proper fees requires improvement as noted in the observation below.

Observation No. 1:

We noted that fees are not collected in accordance with the fee schedule approved by Commissioners Court. Partial fee amounts were collected in the months of October 2022 (receipt no.'s SO-2022-03165, SO-2022-03170, SO-2022-03204), November 2022 (receipt no. SO-2022-03608), and December 2022 (receipt no. SO-2022-03814). According to staff, the Sheriff's Office management approved the collection of partial payments for out of county tax citations only. These collections are received by mail and partial payments are made towards the citation service fee as received by the taxing entity in the tax case.

Pursuant to Local Government Code 118.131 (a), Commissioners Court of a county may set reasonable fees to be charged for services by the sheriff. On September 21, 2021, Commissioners Court approved the 2022 Sheriff and Constable Fee Schedule. The schedule details the amounts that must be collected. Partial payments or waiver of fees are not authorized.

Failure to ensure that fees are collected as approved by Commissioners Court may result in the loss of County funds.

Recommendation:

Management should develop and implement formal procedures to ensure that fees are properly collected as approved by Commissioners Court. Partial payments should not be accepted or receipted. Furthermore, all checks/money order payments received for less than the fee approved by Commissioners Court should be returned to the sender with a request for payment of the correct fee amount. In addition, the Sheriff's Office should develop procedures to ensure that all partial payment balances due are collected by the Sheriff's Office.


HIDALGO COUNTY DISTRICT JUDGES

The Honorable J.E. "Eddie" Guerra
November 14, 2023
Page 3 of 3

Please provide a management response to the observation noted above by November 30, 2023. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions, please contact Francisco Saenz, Internal Auditor II, at 318-2511, ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

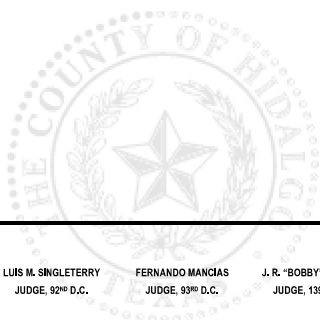
Respectfully,



Linda Fong, CPFO
Interim County Auditor

Enclosure: Management Response Form

cc: The Honorable Richard Cortez, County Judge
Valde Guerra, County Executive Officer
Myra Montoya, Budget Manager II, Hidalgo County Sheriff's Office



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANGIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSÉ "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO



EDINBURG, TEXAS 78539

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

November 30, 2023

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

Re: Inmate Trust Financial Statements for January 2021 through December 2022

Dear Sheriff Guerra:

We conducted a limited scope review of the Inmate Trust financial statements and supporting documentation for the months ended January 2021 through December 2022 pursuant to Local Government Code §115.001. The objective of the review was to obtain limited assurance that the financial statements are free from material misstatements.

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

Executive Summary

Based on the review, nothing came to our attention that caused us to believe that the financial statements contained any material misstatements. However, we noted that the system of internal controls for the accounting of inmate trust funds requires improvement. More specifically, we noted the following:

- The "Inmate Account Journal" and "Commissary Sales" reports generated from *Odyssey* do not agree;
- The "Inmate with Account Balances" from *Odyssey* and the "Held in Trust" account from *QuickBooks's* do not agree;
- Checks were not always properly voided;
- Not all checks were accurately and properly recorded in *Odyssey*;
- Formal procedures to collect the \$515.18 outstanding receivable balance have not been implemented;
- Check No. 349638 was out of sequence and unaccounted for;
- Unauthorized transactions were posted to the Inmate Trust bank account; and
- 56 checks were issued without the Department Head's signature.

Observation No. 1:

The total amounts on the "Inmate Account Journal" and the "Commissary Sales" reports generated from *Odyssey* (the County's law enforcement system) do not agree.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANGIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

Month Ended	Inmate Account Journal	Commissary Sales Report	Variance
January 2021	\$ 204,648.48	\$ 204,520.79	\$ 127.69
February 2021	\$ 200,013.72	\$ 200,042.46	\$ (28.74)
March 2021	\$ 226,608.93	\$ 226,608.93	No Variance
April 2021	\$ 225,458.24	\$ 225,458.26	\$ (0.02)
May 2021	\$ 205,942.24	\$ 206,019.47	\$ (77.23)
June 2021	\$ 233,609.14	\$ 233,665.44	\$ (56.30)
July 2021	\$ 225,485.95	\$ 225,561.76	\$ (75.81)
August 2021	\$ 216,972.24	\$ 216,972.26	\$ (0.02)
September 2021	\$ 205,080.53	\$ 205,079.04	\$ 1.49
October 2021	\$ 195,453.70	\$ 195,453.70	No Variance
November 2021	\$ 209,867.97	\$ 209,867.98	\$ (0.01)
December 2021	\$ 222,925.48	\$ 222,885.34	\$ 40.14
January 2022	\$ 201,882.63	\$ 201,882.63	No Variance
February 2022	\$ 210,881.39	\$ 210,881.40	\$ (0.01)
March 2022	\$ 266,702.70	\$ 266,702.69	\$ 0.01
April 2022	\$ 224,486.00	\$ 224,482.29	\$ 3.71
May 2022	\$ 232,794.49	\$ 232,845.70	\$ (51.21)
June 2022	\$ 242,133.66	\$ 242,109.38	\$ 24.28
July 2022	\$ 205,942.22	\$ 205,893.45	\$ 48.77
August 2022	\$ 235,056.11	\$ 235,056.11	No Variance
September 2022	\$ 205,670.25	\$ 205,670.25	No Variance
October 2022	\$ 174,260.75	\$ 174,260.74	\$ 0.01
November 2022	\$ 185,025.32	\$ 185,025.32	No Variance
December 2022	\$ 178,526.12	\$ 178,526.11	\$ 0.01

The “Inmate Account Journal” indicates the amount deducted from each inmate for Commissary purchases. The “Commissary Sales” report indicates the amount of purchases made during the month. The total amounts on the “Inmate Account Journal” and the “Commissary Sales” reports should agree. The Sheriff’s Office could not provide a reason for the variance other than errors in reports generated by *Odyssey*. Tyler Technologies (*Odyssey*) has been made aware of the issue; however, the issue has not been resolved.

Failure to ensure that the “Inmate Account Journal” and the “Commissary Sales” reports agree may result in the loss of County funds.

Recommendation:

We recommend that the Sheriff’s Office continue to communicate with Tyler Technologies and the Information Technology Department to ensure that the issue is resolved.

Observation No. 2:

The total amounts on the “Inmate with Account Balances” from *Odyssey* and the “Held in Trust” account from *QuickBooks* do not agree. The unidentified variance per month ranged from (\$128.81) to \$9,972.24.

Month Ended	Held in Trust (QB)	Inmates Accounts with Balances (Odyssey)	Variance
January 2021	\$ 85,096.05	\$ 84,936.55	\$ 159.50
February 2021	\$ 86,551.99	\$ 82,070.27	\$ 4,481.72
March 2021	\$ 95,188.63	\$ 95,029.13	\$ 159.50

HIDALGO COUNTY DISTRICT JUDGES

April 2021	\$	104,941.36	\$	104,781.86	\$	159.50
May 2021	\$	120,514.43	\$	120,314.93	\$	199.50
June 2021	\$	92,838.01	\$	92,638.51	\$	199.50
July 2021	\$	94,000.56	\$	90,329.98	\$	3,670.58
August 2021	\$	92,177.58	\$	91,978.08	\$	199.50
September 2021	\$	80,311.76	\$	80,112.26	\$	199.50
October 2021	\$	89,341.01	\$	89,141.51	\$	199.50
November 2021	\$	104,101.70	\$	103,889.30	\$	212.40
December 2021	\$	106,198.53	\$	105,976.65	\$	221.88
January 2022	\$	102,171.07	\$	93,677.55	\$	8,493.52
February 2022	\$	116,637.94	\$	108,176.45	\$	8,461.49
March 2022	\$	96,092.84	\$	86,317.07	\$	9,775.77
April 2022	\$	124,078.52	\$	114,106.28	\$	9,972.24
May 2022	\$	108,258.50	\$	108,358.15	\$	(99.65)
June 2022	\$	90,268.99	\$	90,397.80	\$	(128.81)
July 2022	\$	93,371.50	\$	93,211.90	\$	159.60
August 2022	\$	82,514.52	\$	82,171.28	\$	343.24
September 2022	\$	65,798.41	\$	65,665.08	\$	133.33
October 2022	\$	72,075.89	\$	71,972.73	\$	103.16
November 2022	\$	71,309.73	\$	71,176.77	\$	132.96
December 2022	\$	62,390.96	\$	62,311.16	\$	79.80

The “Inmate Account with Balances” indicates the amount of funds held in trust for each inmate. The “Held in Trust” balance sheet amount indicates the total amount of funds held in trust for inmates on the Sheriff’s Inmate Financial Statement. The total amounts on the “Inmate account with Balances” and “Held in Trust” should agree. The Sheriff’s Office could not provide a reason for the variance other than errors in reports generated by *Odyssey*. Tyler Technologies (*Odyssey*) has been made aware of the issue; however, the issue has not been resolved.

Failure to ensure that the “Inmate Account with Balances” and the “Held in Trust” account agree may result in the loss of County funds.

Recommendation:

We recommend that the Sheriff’s Office conduct research to identify the owners of the unidentified variance and to determine the reason the variance fluctuates each month.

Observation No. 3:

We noted that at times, checks were not properly voided. More specifically, voided checks did not contain the reason for voiding, were not marked “void”, were not dated, did not include staff’s signature, and the signature of the supervisor approving the void.

The County Auditor’s Office requires that approval of a void check be obtained prior to voiding a check. Approval of void check should be limited to supervisors. The supervisors should ensure the original and all copies of the voided check contain on the face of the check the word “void”, an explanation for the void, the date check was voided, and the supervisor’s signature of approval. Furthermore, all copies of the voided check must be securely attached together and submitted to the Auditor’s Office.

Failure to ensure proper procedures for voiding checks are followed may result in the loss of County funds.

Recommendation:

Management should ensure that all checks are properly voided. At a minimum, the procedures noted above should be implemented.

Observation No. 4:

We noted discrepancies and/or variances with checks recorded on the Inmate Trust financial statements and the "Check Register" generated from *Odyssey*. More specifically the following was noted:

- Not all checks recorded on the Inmate Trust Financial Statements were posted in Odyssey;
- Check numbers are not automatically issued by Odyssey. Instead, the check number is entered manually; and
- Checks are not voided or properly voided in Odyssey.

According to staff, the discrepancies and/or variances are attributed to incorrect data manually inputted into *Odyssey* by Sheriff's Office staff at the County jail.

The "Check Register" report generated from *Odyssey* indicates the total check disbursements issued to inmates when released. Similarly, the Inmate Trust financial statements record all checks issued during each month when inmates are released. The "Check Register" report and the Inmate Trust financial statements disbursements should agree.

Failure to ensure that the "Check Register" report and the disbursements recorded in the Inmate Trust financial statements agree may result in the loss of County funds.

Recommendation:

Management should train staff regarding check disbursements to ensure all checks are accurately and properly recorded in *Odyssey*. In addition, management should communicate with Tyler Technologies and the Information Technology Department to ensure that the sequence of checks is automated in *Odyssey*.

Observation No. 5:

We noted that the accounts receivable for amounts due from released inmates totaled \$515.18 at the end of December 2022. The outstanding receivable balance is due to the following:

- A check in the amount of \$20.00 cleared the bank twice in February 2021;
- 3 inmates requested replacement checks totaling \$233.30 after claiming they lost the initial check issued; however, in all three instances both the initial check and replacement check cleared the bank;
- 5 inmate accounts reflected duplicate deposits totaling \$140.10. The inmates were released before the duplicate deposits were corrected in Odyssey. Therefore, disbursements upon release included the duplicate deposit amount. According to Sheriff's Office staff, the duplicate deposits are a result of a glitch in *Odyssey*; and
- 4 inmates were issued a disbursement twice, in error, for the balance remaining in the inmate's account upon release. The checks issued in error totaled \$121.78.

According to Sheriff's Office staff, the Accountant IV or Administrative Assistant, when attempting to collect, will contact the inmate, if a phone number is on file. The phone call is not formally documented and inmates are not contacted more than twice. The inmate account will carry a negative balance to ensure that the funds are collected if the inmate is booked again at the Jail.

The County Auditor's Office requires that procedures be formally implemented for collecting funds owed to the Inmate Trust account. In addition, staff must verify that the checks have not cleared the bank and place a stop payment prior to issuing replacement checks.

Failure to recover funds owed to the Inmate Trust account from released inmates will result in the loss of County funds.

Recommendation:

Management should implement formal procedures for collecting funds owed to the Inmate Trust account. In addition, the following should be implemented to ensure checks are not issued to inmates in error:

- Staff must verify that the checks have not cleared the bank and place a stop payment prior to issuing replacement checks.
- Management should communicate with Tyler Technologies and the Information Technology Department to discuss why duplicate deposits are posted in *Odyssey*.
- The Sheriff's Office staff should communicate with IT to ensure all duplicate deposits are reversed timely to avoid over disbursements to inmates.

In addition, management should replenish the \$515.18 or request indemnification from Commissioners Court pursuant to Local Government Code §157.903.

Observation No. 6:

We noted that Check No. 349638 was out of sequence and unaccounted for in *Quickbooks* and *Odyssey*. The Sheriff's Office staff was unable to provide an explanation for the missing check. In addition, as of the date of this letter, the check has not cleared the bank.

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

Failure to ensure that all checks are properly accounted for and safeguarded may result in the loss of County funds.

Recommendation:

Management should ensure that all checks are properly accounted for and safeguarded. At a minimum, the procedures noted above should be implemented.

Observation No. 7:

One (1) unauthorized ACH electronic transfer (\$112.00) and a fraudulent check no. 347359 (\$600.00) totaling \$712.00 cleared the bank in the months of October 2022 and November 2022. The ACH electronic transfer was not disputed by the Sheriff's Office within the 24 hour "dispute" period. Furthermore, the bank notified the Sheriff's Office that the funds would have to be retrieved and/or requested through the vendor (Sam's Club). Additionally, the fraudulent check in the amount of \$600.00 was flagged by *Positive Pay*; however, since the Sheriff's Office staff did not respond to the flag, the check cleared the bank and the transaction was not disputed within the 90-day "dispute" period for checks. In addition, a police report was not filed by the Sheriff's Office staff for the fraudulent ACH transfer or check.

Positive Pay is a service provided by the bank to help detect fraud by matching the checks issued by the Sheriff's Office against checks presented for payment. If the account number, check number, and/or dollar amount of a check presented for payment does not match against a list of checks previously authorized and issued by the Sheriff's Office, the bank will flag the check to require additional review and confirmation from the Sheriff's Office. If a response is not provided, the check will proceed to clear the bank. Additionally,

HIDALGO COUNTY DISTRICT JUDGES

The Honorable J.E. "Eddie" Guerra
November 30, 2023
Page 6 of 6

fraudulent check transactions have a 90-day dispute period to be resolved by the bank. Furthermore, ACH transactions have a 24-hour dispute period to ensure that unauthorized ACH transactions are "returned"/credited.

Recommendation:

Management should develop and implement formal procedures to ensure that only authorized transactions are processed and posted to the Inmate Trust bank account. At a minimum, the Sheriff's Office should request that the bank implement an ACH debit block on the account and make sure to respond timely to all *Positive Pay* flags by the bank. Management should replenish the \$712.00 or request indemnification from Commissioners Court pursuant to Local Government Code §157.903.

Observation No. 8:

We noted that 56 checks issued were missing the Department Head's signature. According to staff, the checks were issued without the signature, in error.

The County Auditor's Office requires that proper procedures be implemented for issuing checks. At a minimum, a supervisor should verify that all checks are made for the proper amount, contain the payee name, date, and include the department head or designee's signature.

Failure to verify that checks are properly completed prior to issuing may result in the loss or misuse of inmate funds and/or the bank not honoring the check.

Recommendation:

Management should train staff regarding the proper procedures for issuing checks. At a minimum, the procedures noted above should be implemented.

Please provide a management response to the observation noted above on the attached Management Response Forms by December 15, 2023. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions, please contact Alejandro Torres, Internal Auditor II, at (956) 318-2511, ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

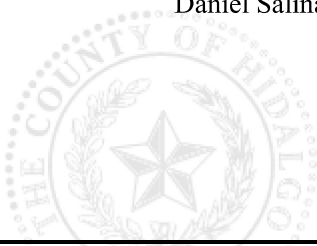
Respectfully,



Linda Fong, CPFO
Interim County Auditor

Enclosure: Management Response Forms

cc: Honorable Richard Cortez, County Judge
Valde Guerra, County Executive Officer
Daniel Salinas, Director, Information Technology Department



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANGIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.



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

AUDITEE: Sheriff's Office **AUDIT NO.:** _____
AUDIT: Inmate Trust Financial
Statements for January 2021
through December 2022 **MANAGEMENT
RESPONSE DUE:** December 15, 2023
FINDING No.: 1 **RECOMMENDATION:** 1

We recommend that the Sheriff's Office continue to communicate with Tyler Technologies and the Information Technology Department to ensure that the issue is 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):

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Sheriff's Office **AUDIT NO.:** _____
AUDIT: Inmate Trust Financial
Statements for January 2021
through December 2022 **MANAGEMENT
RESPONSE DUE:** December 15, 2023
FINDING No.: 2 **RECOMMENDATION:** 2

We recommend that the Sheriff's Office conduct research to identify the owners of the unidentified variance and to determine the reason the variance fluctuates 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):

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Sheriff's Office **AUDIT NO.:** _____

AUDIT: Inmate Trust Financial
Statements for January 2021
through December 2022 **MANAGEMENT
RESPONSE DUE:** December 15, 2023

FINDING No.: 3 **RECOMMENDATION:** 3

Management should ensure that all checks are properly voided. At a minimum, the procedures noted in the observation should be implemented.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Sheriff's Office **AUDIT NO.:** _____

AUDIT: Inmate Trust Financial
Statements for January 2021
through December 2022 **MANAGEMENT
RESPONSE DUE:** December 15, 2023

FINDING No.: 4 **RECOMMENDATION:** 4

Management should train staff regarding check disbursements to ensure all checks are accurately and properly recorded in Odyssey. In addition, management should communicate with Tyler Technologies and the Information Technology Department to ensure that the sequence of checks is automated in Odyssey.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Sheriff's Office **AUDIT NO.:** _____

AUDIT: Inmate Trust Financial
Statements for January 2021
through December 2022 **MANAGEMENT
RESPONSE DUE:** December 15, 2023

FINDING No.: 5 **RECOMMENDATION:** 5

Management should implement formal procedures for collecting funds owed to the Inmate Trust Account. In addition, the following should be implemented to ensure checks are not issued to inmates in error:

- Staff must verify that the checks have not cleared the bank and place a stop payment prior to issuing replacement checks.
- Management should communicate with Tyler Technologies and the Information Technology Department to discuss why duplicate deposits are posted in Odyssey.
- The Sheriff's Office staff should communicate with IT to ensure all duplicate deposits are reversed timely to avoid over disbursements to inmates.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Sheriff's Office **AUDIT NO.:** _____
AUDIT: Inmate Trust Financial
Statements for January 2021
through December 2022 **MANAGEMENT
RESPONSE DUE:** December 15, 2023
FINDING No.: 6 **RECOMMENDATION:** 6

Management should ensure that all checks are properly accounted for and safeguarded. At a minimum, the procedures noted in the observation should be implemented.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Sheriff's Office **AUDIT NO.:** _____
AUDIT: Inmate Trust Financial
Statements for January 2021
through December 2022 **MANAGEMENT
RESPONSE DUE:** December 15, 2023
FINDING No.: 7 **RECOMMENDATION:** 7

Management should develop and implement formal procedures to ensure that only authorized transactions are processed and posted to the Inmate Trust bank account. At a minimum, the Sheriff's Office should request that the bank implement an ACH debit block on the account and make sure to respond timely to all Positive Pay flags by the bank. Management should replenish the \$712.00 or request indemnification from Commissioners Court pursuant to Local Government Code §157.903.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Sheriff's Office **AUDIT NO.:** _____
AUDIT: Inmate Trust Financial
Statements for January 2021
through December 2022 **MANAGEMENT
RESPONSE DUE:** December 15, 2023
FINDING No.: 8 **RECOMMENDATION:** 8

Management should train staff regarding the proper procedures for issuing checks. At a minimum, the procedures noted in the observation should be implemented.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S C
Hidalgo County Administration B
2808 South Business Highway 28
Edinburg, Texas 78539-6243
PHONE: (956) 318-2511
FAX: (956) 318-2577



EDINBURG, TEXAS 78539

November 15, 2023

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

Re: "D" MFFR for October 2021 through February 2023

Dear Sheriff Guerra:

We have conducted a limited scope review of the Discharge "D" Account *Monthly Fines and Fees Report* (MFFR) for the months of October 2021 through February 2023 pursuant to Local Government Code §115.002 (a) and (b). The objective of the review was to determine if fines 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 fines and fees were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees requires improvement. More specifically, we noted that procedures for voiding receipts were not always properly followed.

Scope:

The scope of our review was limited to collections reported by your office on the "D" MFFR for the months of October 2021 through February 2023. Our review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the "D" MFFR 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 "D" MFFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the "D" MFFR by footing and cross-footing the report.
- Verified that procedures for voided receipts were properly followed.
- Verified that collections per the "D" MFFR agreed to: 1.) total receipts issued per the Receipt Journal Report generated from *Odyssey*; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANGIAS 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. 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. YSMAEL FONSECA JUDGE, 476TH D.C.

Conclusion:

Collections for the months of October 2021, November 2021, January 2022, February 2022, April 2022, May 2022, July 2022, and August 2022 were \$400.00, \$200.00, \$350.00, \$1,700.00, \$100.00, \$100.00, \$50.00, and \$350.00, respectively. There were no collections for the months of December 2021, March 2022, June 2022, and September 2022 through February 2023.

Based on the review, we concluded that fines and fees were generally properly accounted and reported; however, the system of internal controls requires improvement as noted in the observation below.

Observation No. 1

We noted that procedures for voiding receipts were not properly followed. At times, voided receipts did not contain an explanation for the void, the date receipt was voided, the cashier's signature, and/or the supervisor's signature of approval. In addition, the void receipt number and the new receipt number were not cross-referenced.

The County Auditor's Office requires that approval of a void receipt be obtained prior to voiding a receipt. Approval of void receipts should be limited to supervisors. The supervisor should ensure the original and all copies of the void receipt contain on the face of the receipt the word "void", an explanation for the void, the date receipt was voided, the cashier's signature and the supervisor's signature of approval. In addition, the supervisor should ensure that if a new receipt is issued, the voided receipt number and the new receipt number are cross-referenced.

Failure to properly void receipts may result in the loss or misuse of County funds.

Recommendation:

Management should train staff regarding the proper procedures for voiding receipts. At a minimum, the procedures listed above should be implemented.

Please provide a management response to the observation noted above by November 30, 2023. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions, please contact Enrique Leal IV, Internal Auditor II, at (956) 318-2511, ext. 4641, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

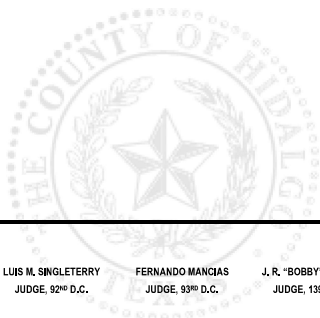
Respectfully,



Linda Fong, CPFO
Interim County Auditor

Enclosure: Management Response Form

cc: Honorable Richard Cortez, County Judge
Valde Guerra, County Executive Officer
Myra Montoya, Budget Manager II, Hidalgo County Sheriff's Office



HIDALGO COUNTY DISTRICT JUDGES



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

AUDITEE: The Honorable J.E. "Eddie" Guerra, Sheriff **AUDIT NO.:** _____

AUDIT: "D" MFFR for October 2021 through February 2023 **MANAGEMENT RESPONSE DUE:** November 30, 2023

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

Management should train staff regarding the proper procedures for voiding receipts. At a minimum, the procedures noted in the observation should be implemented.

Management Response (Choose One):

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

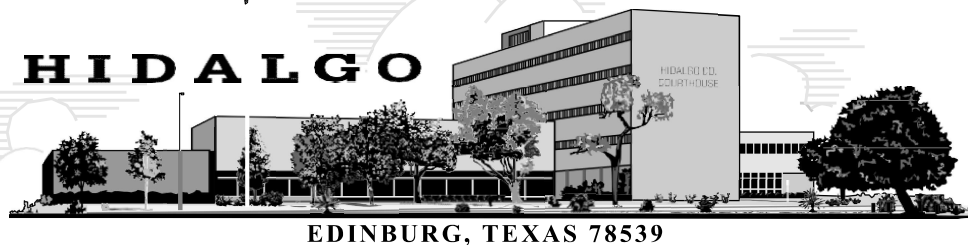
Management Comments (Attach additional page(s) if necessary):

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S C
Hidalgo County Administration B
2808 South Business Highway 28
Edinburg, Texas 78539-6243
PHONE: (956) 318-2511
FAX: (956) 318-2577



November 17, 2023

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

Re: Regular Trust Fund Financial Statements for April 2021 through August 2023

Dear Sheriff Guerra:

We conducted a limited scope review of the Regular Trust Fund financial statements for the months ended April 2021 through August 2023 pursuant to Local Government Code §115.001. The objective of the review was to obtain limited assurance that the financial statements are free from material misstatements.

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

Executive Summary:

Based on the review, nothing came to our attention that caused us to believe that the financial statements contained any material misstatements. However, we noted that the system of internal controls relevant to the preparation of the financial statements requires improvement. More specifically, we noted the following:

- Tax sale proceeds are not distributed by the Sheriff's Office as required by Tax Code § 34.02; and
- Not all checks issued are listed in the "Check Register" report generated through *Odyssey*.

Observation No. 1:

We noted that the Sheriff's Office conducted various tax sales of foreclosed properties during the months in review. The Sheriff's Office distributed the proceeds from the tax sales to the delinquent tax attorney firm instead of the distributing the proceeds directly to the proper entities as required by Tax Code § 34.02. According to staff, they were instructed to issue the proceeds, after the Sheriff's fees were deducted, to the delinquent tax attorney firm for distribution of proceeds to the proper entities.

Pursuant to Tax Code §34.01 (a), "real property seized under a tax warrant issued under subchapter E, Chapter 33, or ordered sold pursuant to foreclosure of a tax lien shall be sold by the officer charged with selling the property..."

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

Pursuant to Tax Code §34.02 (d), “the officer conducting a sale under section 33.94 or 34.01 shall pay any excess proceeds after payment of all amounts due all participants in the sale as specified by subsection (b) to the clerk of the court issuing the warrant or order of sale.”

Failure to ensure that tax sale proceeds are distributed to all participating entities by the Sheriff’s Office may result in not properly distributing proceeds and noncompliance with Tax Code § 34.02.

Recommendation:

We recommend that the Sheriff’s Office distribute the tax sale proceeds to all participating entities pursuant to Tax Code § 34.02. At a minimum, the Sheriff’s Office should ensure that proper distributions are made by the delinquent tax attorney firm.

Observation No. 2

We noted that 73 checks did not appear in the “Check Register” report generated from *Odyssey*, the County’s justice information system. According to staff, multiple attempts have been made to resolve the issue with the Information Technology Department (IT) or Tyler Technology.

All checks issued should be posted in the “Check Register” report generated from Odyssey. In addition, the “Check Register” report should agree to the checks listed in the financial statements.

Failure to ensure that the *Odyssey* “Check Register” report includes all checks issued may result in improper reporting and loss of County funds.

Recommendation:

We recommend that the Sheriff’s Office continue to communicate with the IT Department and Tyler Technologies to ensure all checks issued are listed in the “Check Register” report generated through *Odyssey*. In addition, we recommend that the Sheriff’s Office implement formal policies and procedures for check disbursements.

Please provide a management response for the observations noted above by December 1, 2023. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions, please contact Enrique Leal IV, Internal Auditor II, at 318-2511 ext. 4641, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

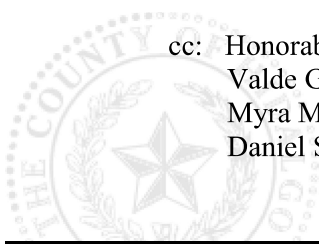
Respectfully,



Linda Fong, CPFO
Interim County Auditor

Enclosure: Management Response Forms

cc: Honorable Richard Cortez, County Judge
Valde Guerra, County Executive Officer
Myra Montoya, Budget Manager II, Hidalgo County Sheriff’s Office
Daniel Salinas, Director of Information Technology



HIDALGO COUNTY DISTRICT JUDGES



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

AUDITEE: Sheriff's Office **AUDIT NO.:** _____
AUDIT: Regular Trust Financial
Statements for April 2021
through August 2023 **MANAGEMENT
RESPONSE DUE:** December 1, 2023
FINDING No.: 1 **RECOMMENDATION:** 1

We recommend that the Sheriff's Office distribute the tax sale proceeds to all participating entities pursuant to Tax Code § 34.02. At a minimum, the Sheriff's Office should ensure that proper distributions are made by the delinquent tax attorney firm.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Sheriff's Office **AUDIT NO.:** _____
AUDIT: Regular Trust Financial
Statements for April 2021
through August 2023 **MANAGEMENT
RESPONSE DUE:** December 1, 2023
FINDING No.: 2 **RECOMMENDATION:** 2

We recommend that the Sheriff's Office continue to communicate with the IT Department and Tyler Technologies to ensure all checks issued are listed in the "Check Register" report generated through Odyssey. In addition, we recommend that the Sheriff's Office implement formal policies and procedures for check disbursements.

Management Response (Choose One):

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

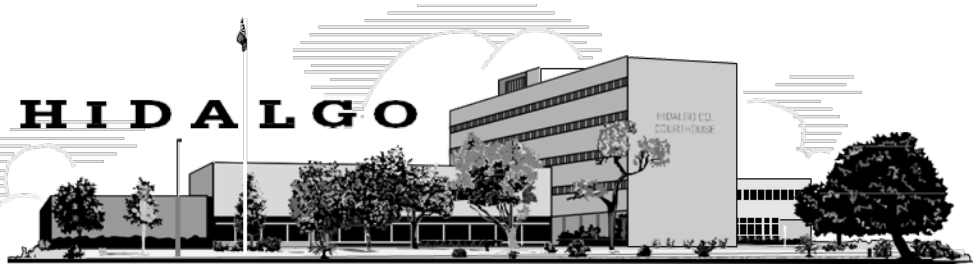
Management Comments (Attach additional page(s) if necessary):

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

COUNTY *of* HIDALGO

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



May 9, 2024

Jeff Underwood, City Manager
City of Alton
509 S. Alton Blvd.
Alton, Texas 78573

Re: City of Alton TIRZ No. 1 Report No. 2023-41

Dear Mr. Underwood:

We conducted a limited scope review of the interlocal agreement between the City of Alton, Hidalgo County, and City of Alton TIRZ No. 1. The objectives of the review were to determine the accuracy of the Alton TIRZ No. 1 2022-2023 payment request and compliance with Section IV (B)(2) and Section VII (J) of the interlocal agreement and Tax Code §311.016.

The scope of the review was limited to the property accounts within Alton TIRZ No. 1 as of January 31, 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvements could be made.

The results of the review revealed the following:

1. A payment request was submitted in the amount of \$395,673.82; however, it was determined that the payment amount should be \$392,271.47 (see Exhibit A); and
2. The annual report, fact sheet, and annual financial review were submitted in compliance with Sections IV (B)(2) and VII (J) of the interlocal agreement and Tax Code §311.016.

A payment was processed on September 19, 2023 to the City of Alton in the amount of \$392,271.47.

If you have any questions please contact Enrique Leal, Internal Auditor II, at 318-2511, ext. 4641, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at 4651.

Respectfully,

Letty Chavez
County Auditor

Enclosure: Exhibit A

cc: Honorable Richard Cortez, Hidalgo County Judge
Mr. Valde Guerra, Hidalgo County Executive Officer

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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EXHIBIT A

2022-2023 Alton TIRZ Payment

Tax Increment Reinvestment Zone (TIRZ) Payment Calculation	Alton TIRZ Calculation for Tax Year 2022	Alton TIRZ Calculation for Tax Year 2021	Alton TIRZ Calculation for Tax Year 2020	Alton TIRZ Calculation for Tax Year 2019	Alton TIRZ Calculation for Tax Year 2018	Alton TIRZ Calculation for Tax Year 2017	Alton TIRZ Calculation for Tax Year 2016	Alton TIRZ Calculation for Tax Year 2015	Alton TIRZ Calculation for Tax Year 2014	Alton TIRZ Calculation for Tax Year 2013	Alton TIRZ Calculation for Tax Year 2012	Alton TIRZ Calculation for Tax Year 2011	Alton TIRZ Calculation for Tax Year 2010	Total
TIRZ Real Property Certified Taxable Value as of January 31 (Provided b Hidalgo County Appraisal District (HCAD)) (Multiplied by) Hidalgo County Current (GHD) Tax Rate (.575/100)	\$ 109,750,717.00 0.00575	\$ 83,898,036.00 0.00575	\$ 78,949,667.00 0.00575	\$ 71,830,495.00 0.00575	\$ 62,043,278.00 0.0058	\$ 58,072,133.00 0.0058	\$ 51,852,713.00 0.0059	\$ 46,737,569.00 0.0059	\$ 41,816,056.00 0.0059	\$ 37,604,467.00 0.0059	\$ 32,844,379.00 0.0059	\$ 32,670,017.00 0.0059	\$ 32,490,072.00 0.0059	
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 631,066.62	\$ 482,413.71	\$ 453,960.59	\$ 413,025.35	\$ 359,851.01	\$ 336,818.37	\$ 305,931.01	\$ 275,751.66	\$ 246,714.73	\$ 221,866.36	\$ 193,781.84	\$ 192,753.10	\$ 191,691.42	
TIRZ Real Property Certified Taxable Value as of January 31 (Provided b Hidalgo County Appraisal District (HCAD)) (Less) Base Year Real Property Certified Appraised Value for Tax Account located within the TIRZ (Provided by HCAD)	\$ 109,750,717.00	\$ 83,898,036.00	\$ 78,949,667.00	\$ 71,830,495.00	\$ 62,043,278.00	\$ 58,072,133.00	\$ 51,852,713.00	\$ 46,737,569.00	\$ 41,816,056.00	\$ 37,604,467.00	\$ 32,844,379.00	\$ 32,670,017.00	\$ 32,490,072.00	
Captured Appraised Value	\$ 25,552,622.00	\$ 25,552,622.00	\$ 25,552,622.00	\$ 25,552,622.00	\$ 25,552,622.00	\$ 25,552,622.00	\$ 25,552,622.00	\$ 25,552,622.00	\$ 25,552,622.00	\$ 25,552,622.00	\$ 25,552,622.00	\$ 25,552,622.00	\$ 25,552,622.00	\$ 25,552,622.00
Captured Appraised Value (multiplied by) Contribution Rate (Per agreement s/b the lesser of .5107 o actual M&O) (.5107/100)	\$ 84,198,095.00	\$ 58,345,414.00	\$ 53,397,045.00	\$ 46,277,873.00	\$ 36,490,656.00	\$ 32,519,511.00	\$ 26,300,091.00	\$ 21,184,947.00	\$ 16,263,434.00	\$ 12,051,845.00	\$ 7,291,757.00	\$ 7,117,395.00	\$ 6,937,450.00	
Tax Levy Due to TIRZ	\$ 435,472.55	\$ 297,970.03	\$ 269,281.30	\$ 233,055.37	\$ 186,102.35	\$ 166,077.14	\$ 134,314.56	\$ 108,191.52	\$ 83,057.36	\$ 61,548.77	\$ 37,239.00	\$ 36,348.54	\$ 35,429.56	
TIRZ Collections (for February 1 through January 31) as per Collection Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts locate within the TIRZ	\$ 479,432.43	\$ 89,024.63	\$ 12,171.58	\$ 3,558.87	\$ 1,987.12	\$ 374.84	\$ 352.98	\$ 64.38	\$ 319.30	\$ 152.60	\$ 184.41	\$ 175.96	\$ 59.42	\$ 587,858.52
Percent Collected of Actual Levy	75.9718%	18.4540%	2.6812%	0.8617%	0.5522%	0.1113%	0.1154%	0.0233%	0.1294%	0.0688%	0.0952%	0.0913%	0.0310%	
Tax Levy Due to TIRZ (Multiplied by) Percent Collected of Actual Levy	\$ 330,836.17	\$ 54,987.38	\$ 7,219.96	\$ 2,008.14	\$ 1,027.67	\$ 184.82	\$ 154.97	\$ 25.26	\$ 107.49	\$ 42.33	\$ 35.44	\$ 33.18	\$ 10.98	\$ 396,673.82 \$ (1,000.00)
(Less) Administrative Cost (Less) Adjustments **														
2022-2023 TIRZ PAYMENT AMOUNT														\$ 395,673.82

** Adjustments are made in order to prevent an overpayment; Delinquent taxes not due according to Section B.9; the adjustment limits payments to 100% allowable TIRZ

Tax Increment Reinvestment Zone (TIRZ) Payment Calculation	County Auditor's Calculation for Tax Year 2022	County Auditor's Calculation for Tax Year 2021	County Auditor's Calculation for Tax Year 2020	County Auditor's Calculation for Tax Year 2019	County Auditor's Calculation for Tax Year 2018	County Auditor's Calculation for Tax Year 2017	County Auditor's Calculation for Tax Year 2016	County Auditor's Calculation for Tax Year 2015	County Auditor's Calculation for Tax Year 2014	County Auditor's Calculation for Tax Year 2013	County Auditor's Calculation for Tax Year 2012	County Auditor's Calculation for Tax Year 2011	County Auditor's Calculation for Tax Year 2010	Total
TIRZ Real Property Certified Taxable Value as of January 31 (Provided b Hidalgo County Appraisal District (HCAD)) (Multiplied by) Hidalgo County Current (GHD) Tax Rate (.575/100)	\$ 111,496,088.00 0.00575	\$ 90,222,872.00 0.00575	\$ 82,768,030.00 0.00575	\$ 75,281,915.00 0.00575	\$ 64,396,527.00 0.0058	\$ 60,797,157.00 0.0058	\$ 56,420,937.00 0.0059	\$ 50,361,508.00 0.0059	\$ 46,149,907.00 0.0059	\$ 41,787,288.00 0.0059	\$ 35,622,484.00 0.0059	\$ 35,281,063.00 0.0059	\$ 35,062,809.00 0.0059	
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 641,102.51	\$ 518,781.51	\$ 475,916.17	\$ 432,871.01	\$ 373,499.86	\$ 352,623.51	\$ 332,883.53	\$ 297,132.90	\$ 272,284.45	\$ 246,545.00	\$ 210,172.66	\$ 208,158.27	\$ 206,870.57	
TIRZ Real Property Certified Taxable Value as of January 31 (Provided b Hidalgo County Appraisal District (HCAD)) (Less) Base Year Real Property Certified Appraised Value for Tax Account located within the TIRZ (Provided by HCAD)	\$ 111,496,088.00	\$ 90,222,872.00	\$ 82,768,030.00	\$ 75,281,915.00	\$ 64,396,527.00	\$ 60,797,157.00	\$ 56,420,937.00	\$ 50,361,508.00	\$ 46,149,907.00	\$ 41,787,288.00	\$ 35,622,484.00	\$ 35,281,063.00	\$ 35,062,809.00	
Captured Appraised Value	\$ 28,638,666.00	\$ 28,638,666.00	\$ 28,638,666.00	\$ 28,638,666.00	\$ 28,638,666.00	\$ 28,638,666.00	\$ 28,638,666.00	\$ 28,638,666.00	\$ 28,638,666.00	\$ 28,638,666.00	\$ 28,638,666.00	\$ 28,638,666.00	\$ 28,638,666.00	\$ 28,638,666.00
Captured Appraised Value (multiplied by) Contribution Rate (Per agreement s/b the lesser of .5107 o actual M&O) (.5107/100)	\$ 82,857,422.00	\$ 61,584,206.00	\$ 54,129,364.00	\$ 46,643,249.00	\$ 35,757,861.00	\$ 32,158,491.00	\$ 27,782,271.00	\$ 21,722,842.00	\$ 17,511,241.00	\$ 13,148,622.00	\$ 6,983,818.00	\$ 6,642,397.00	\$ 6,424,143.00	
Tax Levy Due to TIRZ	\$ 423,152.85	\$ 314,510.54	\$ 272,974.38	\$ 234,895.40	\$ 182,365.09	\$ 164,233.41	\$ 141,884.06	\$ 110,938.55	\$ 89,429.91	\$ 67,150.01	\$ 35,666.36	\$ 33,922.72	\$ 32,808.10	
TIRZ Collections (for February 1 through January 31) as per Collection Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts locate within the TIRZ	\$ 483,878.87	\$ 96,296.06	\$ 12,171.58	\$ 3,558.87	\$ 1,987.12	\$ 374.84	\$ 352.98	\$ 64.38	\$ 319.30	\$ 152.60	\$ 184.41	\$ 175.96	\$ 59.42	\$ 601,576.39
Percent Collected of Actual Levy	75.4761%	18.9475%	2.5575%	0.8222%	0.5320%	0.1063%	0.1060%	0.0217%	0.1173%	0.0619%	0.0877%	0.0845%	0.0287%	
Tax Levy Due to TIRZ (Multiplied by) Percent Collected of Actual Levy	\$ 319,378.85	\$ 59,591.88	\$ 6,981.32	\$ 1,931.31	\$ 970.18	\$ 174.58	\$ 150.40	\$ 24.07	\$ 104.90	\$ 41.57	\$ 31.28	\$ 28.66	\$ 9.42	\$ 389,418.42 \$ (1,000.00)
(Less) Administrative Cost (Less) Adjustments ** Net Adjustments ***		\$ 4,775.15	\$ 4,982.13	\$ 530.17	\$ (2,449.43)	\$ (3,594.67)	\$ (150.40)	\$ (24.07)	\$ (104.90)	\$ (41.57)	\$ (31.28)	\$ (28.66)	\$ (9.42)	\$ (390.30) \$ 4,243.35 \$ 392,271.47
2022-2023 TIRZ PAYMENT AMOUNT	\$ 319,378.85	\$ 59,591.88	\$ 6,981.32	\$ 1,931.31	\$ 970.18	\$ 174.58	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,402.35

** Adjustments are made in order to prevent an overpayment; Delinquent taxes not due according to Section B.9; the adjustment limits payments to 100% allowable TIRZ

*** Adjustments made to account for corrections to prior years (2017-2021) payment amount

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

May 9, 2024

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

Re: Alton TIRZ No. 1 Report No. 2023-41

Dear Mr. Villarreal:

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

The scope of the review was limited to the tax accounts located within the TIRZ for tax roll 2022. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction.

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


The results of the review revealed the following:

- 112 tax accounts were located within the TIRZ boundaries; however, the tax accounts were not included on the tax year 2022 list of tax accounts provided by the Tax Office (see Exhibit A).
- 88 tax accounts were not located within the TIRZ boundaries; however, they were included in the TIRZ collection reports or list of accounts provided by the Tax Office (see Exhibit B). The Hidalgo County Appraisal District has been notified of the needed corrections for noted tax accounts above.

Please submit a revised tax account listing and collection report for the City of Alton TIRZ No. 1 to the County Auditor's Office by May 24, 2024.

If you have any questions, please contact Enrique Leal, Internal Auditor II, at 318-2511 ext. 4641, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,

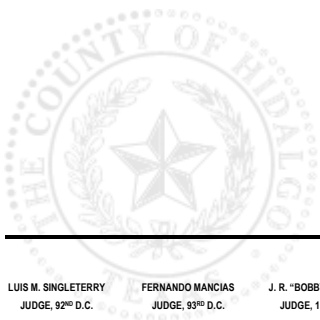

Letty Chavez
County Auditor

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

Enclosures: Exhibit A & Exhibit B

cc: The Honorable Richard Cortez, Hidalgo County Judge
Ms. Blanca Perez, Supervisor - Property Records, Hidalgo County Appraisal District



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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Exhibit A

	prop_id	geo_id
1	729285	M3858-00-000-0001-00
2	253778	P1000-00-000-0003-00
3	253776	P1000-00-000-0002-00
4	253775	P1000-00-000-0001-00
5	318098	W0100-00-038-0011-00
6	318406	W0100-00-042-0009-00
7	318407	W0100-00-042-0009-05
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103	267284	R1100-00-004-0002-00
104	267283	R1100-00-004-0001-00
105	267268	R1100-00-003-0004-00
106	267266	R1100-00-003-0002-00
107	267267	R1100-00-003-0003-00
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109	267250	R1100-00-002-0004-00
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Exhibit B

	prop_id	geo_id
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44	710412	L5860-00-000-0035-00

	prop_id	geo_id
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47	710415	L5860-00-000-0038-00
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87	710456	L5860-00-000-0079-00
88	814893	W0100-00-040-0012-25

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

May 9, 2024

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

Re: Alton TIRZ No. 1 (THCAN) Report No. 2023-41

Dear Mr. Garza:

We conducted a limited scope review of the tax year 2022 list of tax accounts coded THCAN by Hidalgo County Appraisal District (HCAD). The objective of the review was to determine whether the list only included real property accounts located within the TIRZ boundaries.

The scope of the review was limited to tax accounts located within the TIRZ boundaries for tax roll 2022. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction.

In conducting the review, we examined the agreement between Hidalgo County and the City of Alton TIRZ No. 1, the list of property accounts coded THCAN, and the TIRZ map provided by the HCAD.

The results of the review revealed the following:

- 112 tax accounts were located within the TIRZ boundaries; however, the tax accounts were not included on the year 2022 list of tax accounts coded THCAN by HCAD (see Exhibit A).
- 88 tax accounts were not located within the TIRZ boundaries; however, the tax account numbers were included on the tax year 2022 list of accounts coded THCAN by HCAD (see Exhibit B).

Please make the necessary corrections and submit the revised list of tax accounts coded THCAN by HCAD to the Hidalgo County Auditor's Office and Tax Assessor/Collector's by May 24, 2024.

If you have any questions, please contact Enrique Leal, Internal Auditor II, at 318-2511 ext. 4641, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,

Letty Chavez
County Auditor

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

Enclosures: Exhibit A & Exhibit B

cc: The Honorable Richard Cortez, Hidalgo County Judge
The Honorable Pablo Villarreal, Hidalgo County Tax Assessor-Collector
Ms. Blanca Perez, Supervisor - Property Records, Hidalgo County Appraisal District

HIDALGO COUNTY DISTRICT JUDGES

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Exhibit A

	prop_id	geo_id
1	729285	M3858-00-000-0001-00
2	253778	P1000-00-000-0003-00
3	253776	P1000-00-000-0002-00
4	253775	P1000-00-000-0001-00
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8	318409	W0100-00-042-0009-15
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15	691321	T0945-13-000-0014-00
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	prop_id	geo_id
57	691363	T0945-13-000-0056-00
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75	691381	T0945-13-000-0074-00
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101	691407	T0945-13-000-0100-00
102	726101	P2155-00-000-0001-00
103	267284	R1100-00-004-0002-00
104	267283	R1100-00-004-0001-00
105	267268	R1100-00-003-0004-00
106	267266	R1100-00-003-0002-00
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Exhibit B

	prop_id	geo_id
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3	710129	T0945-15-000-0003-00
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6	710132	T0945-15-000-0006-00
7	710133	T0945-15-000-0007-00
8	710134	T0945-15-000-0008-00
9	710135	T0945-15-000-0009-00
10	710136	T0945-15-000-0010-00
11	710137	T0945-15-000-0011-00
12	710268	L5860-00-000-0001-00
13	710351	L5860-00-000-0003-00
14	710353	L5860-00-000-0004-00
15	710355	L5860-00-000-0005-00
16	710357	L5860-00-000-0006-00
17	710359	L5860-00-000-0007-00
18	710361	L5860-00-000-0008-00
19	710363	L5860-00-000-0009-00
20	710365	L5860-00-000-0010-00
21	710367	L5860-00-000-0011-00
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23	710371	L5860-00-000-0013-00
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26	710377	L5860-00-000-0016-00
27	710379	L5860-00-000-0017-00
28	710381	L5860-00-000-0018-00
29	710383	L5860-00-000-0019-00
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38	710401	L5860-00-000-0028-00
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40	710407	L5860-00-000-0031-00
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71	710440	L5860-00-000-0063-00
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76	710445	L5860-00-000-0068-00
77	710446	L5860-00-000-0069-00
78	710447	L5860-00-000-0070-00
79	710448	L5860-00-000-0071-00
80	710449	L5860-00-000-0072-00
81	710450	L5860-00-000-0073-00
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85	710454	L5860-00-000-0077-00
86	710455	L5860-00-000-0078-00
87	710456	L5860-00-000-0079-00
88	814893	W0100-00-040-0012-25

COUNTY of HIDALGO

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February 6, 2024

Robert L. Salinas, City Manager
City of Alamo
420 N. Tower Rd.
Alamo, Texas 78516

Re: City of Alamo TIRZ No. 1 – Report No. 2023-36

Dear Mr. Salinas:

We conducted a limited scope review of the interlocal agreement between the City of Alamo, Hidalgo County, and the City of Alamo Reinvestment Zone (TIRZ) No. 1. The objective of the review was to determine the accuracy of the Alamo TIRZ No. 1 2022-2023 payment request and compliance with Tax Code §311.016 and sections IV (B) (2) and VII (J) of the interlocal agreement.

The scope of the review was limited to the property accounts within the City of Alamo TIRZ No. 1 as of January 31, 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvements could be made.


The results of the review revealed the following:

1. A payment request in the amount of \$209,841.37 was received from the City of Alamo for year 2022-2023; however, it was determined that the payment amount should be \$225,185.66 (see Exhibit A).
2. The fact sheet, annual report, and annual financial review were submitted in compliance with Tax Code §311.016 and section IV (B) (2) and section VII (J) of the interlocal agreement.

We will proceed to process the Alamo TIRZ payment for year 2022-2023 in the amount of \$225,185.66.

If you have any questions, please contact Karen Ramirez, Internal Auditor IV, at 318-2511 ext. 4606, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,


Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

EXHIBIT A

2022-2023 Alamo TIRZ No. 1 Payment

Tax Increment Reinvestment Zone (TIRZ) Payment Calculation	Alamo TIRZ Calculation for Tax Year 2022	Alamo TIRZ Calculation for Tax Year 2021	Alamo TIRZ Calculation for Tax Year 2020	Alamo TIRZ Calculation for Tax Year 2019	Alamo TIRZ Calculation for Tax Year 2018	Alamo TIRZ Calculation for Tax Year 2017	Alamo TIRZ Calculation for Tax Year 2016	Alamo TIRZ Calculation for Tax Year 2015	Alamo TIRZ Calculation for Tax Year 2014	Alamo TIRZ Calculation for Tax Year 2013	Alamo TIRZ Calculation for Tax Year 2012	Alamo TIRZ Calculation for Tax Year 2011	Total
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Multiplied by) Hidalgo County Current (GHD) Tax Rate (.575/100)	\$ 86,461,718.00 0.00575												
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 497,154.88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD) Captured Appraised Value	\$ 86,461,718 \$ 39,895,348 \$ 46,566,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Captured Appraised Value (multiplied by) Contribution Rate (Per agreement s/b the lesser of .5127 or actual M&O) (.5127/100) Tax Levy Due to TIRZ	\$ 46,566,370 0.0050360 \$ 234,508.24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TIRZ Collections (for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ Percent Collected of Actual Levy	\$ 446,981.37 \$ 497,154.88 90.00%	0.00%	0.00%	0.00%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Tax Levy Due to TIRZ (Multiplied by) Percent Collected of Actual Levy	\$ 234,508.24 90.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(Less) Administrative Cost (Less) Adjustments ** 2022-2023 TIRZ PAYMENT AMOUNT	\$ 210,841.37 (1,000.00) \$ 209,841.37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,841.37

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

Tax Increment Reinvestment Zone (TIRZ) Payment Calculation	County Auditor's Calculation for Tax Year 2022	County Auditor's Calculation for Tax Year 2021	County Auditor's Calculation for Tax Year 2020	County Auditor's Calculation for Tax Year 2019	County Auditor's Calculation for Tax Year 2018	County Auditor's Calculation for Tax Year 2017	County Auditor's Calculation for Tax Year 2016	County Auditor's Calculation for Tax Year 2015	County Auditor's Calculation for Tax Year 2014	County Auditor's Calculation for Tax Year 2013	County Auditor's Calculation for Tax Year 2012	County Auditor's Calculation for Tax Year 2011	Total
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Multiplied by) Hidalgo County Current (GHD) Tax Rate (.575/100)	\$ 80,664,225.00 0.00575	\$ 69,731,505.00 0.00575	\$ 64,869,172.00 0.00575	\$ 61,999,441.00 0.00575	\$ 54,749,910.00 0.0058	\$ 51,293,358.00 0.0058	\$ 48,004,777.00 0.0059	\$ 45,628,814.00 0.0059	\$ 43,242,346.00 0.0059	\$ 42,108,215.00 0.0059	\$ 40,508,897.00 0.0059	\$ 39,852,807.00 0.0059	
GHD Actual Tax Levy for all real property tax accounts located within the TIRZ	\$ 463,819.29	\$ 400,956.15	\$ 372,997.74	\$ 356,496.79	\$ 317,549.48	\$ 297,501.48	\$ 283,228.18	\$ 269,210.00	\$ 255,129.84	\$ 248,438.47	\$ 239,002.49	\$ 235,131.56	
TIRZ Real Property Certified Taxable Value as of January 31 (Provided by Hidalgo County Appraisal District (HCAD)) (Less) Base Year Real Property Certified Appraised Value for Tax Accounts located within the TIRZ (Provided by HCAD) Captured Appraised Value	\$ 80,664,225.00 \$ 35,580,788.00 \$ 45,083,437.00	\$ 69,731,505.00 \$ 35,580,788.00 \$ 34,150,717.00	\$ 64,869,172.00 \$ 35,580,788.00 \$ 29,288,384.00	\$ 61,999,441.00 \$ 35,580,788.00 \$ 26,418,653.00	\$ 54,749,910.00 \$ 35,580,788.00 \$ 19,169,122.00	\$ 51,293,358.00 \$ 35,580,788.00 \$ 15,712,570.00	\$ 48,004,777.00 \$ 35,580,788.00 \$ 12,423,989.00	\$ 45,628,814.00 \$ 35,580,788.00 \$ 10,048,026.00	\$ 43,242,346.00 \$ 35,580,788.00 \$ 7,661,558.00	\$ 42,108,215.00 \$ 35,580,788.00 \$ 6,527,427.00	\$ 40,508,897.00 \$ 35,580,788.00 \$ 4,928,109.00	\$ 39,852,807.00 \$ 35,580,788.00 \$ 4,272,019.00	
Captured Appraised Value (multiplied by) Contribution Rate (Per agreement s/b the lesser of .5127 or actual M&O) (.5127/100) Tax Levy Due to TIRZ	\$ 45,083,437.00 0.0051270 \$ 231,142.78	\$ 34,150,717.00 0.0051270 \$ 175,090.73	\$ 29,288,384.00 0.0050430 \$ 147,701.32	\$ 26,418,653.00 0.0050360 \$ 133,044.34	\$ 19,169,122.00 0.0051000 \$ 97,762.52	\$ 15,712,570.00 0.0051120 \$ 80,322.66	\$ 12,423,989.00 0.0051270 \$ 63,697.79	\$ 10,048,026.00 0.0051270 \$ 51,516.23	\$ 7,661,558.00 0.0051270 \$ 39,280.81	\$ 6,527,427.00 0.0051270 \$ 33,466.12	\$ 4,928,109.00 0.0051270 \$ 25,266.41	\$ 4,272,019.00 0.0051270 \$ 21,902.64	
TIRZ Collections (for February 1 through January 31) as per Collections Reports provided by Hidalgo County Tax Office (divided) GHD Actual Tax Levy for all Real Property tax accounts located within the TIRZ Percent Collected of Actual Levy	\$ 432,172.20 \$ 463,819.29 93.1768%	\$ 28,486.80 \$ 400,956.15 7.1047%	\$ 2,743.12 \$ 372,997.74 0.7354%	\$ 1,863.62 \$ 356,496.79 0.5228%	\$ 1,722.40 \$ 317,549.48 0.5424%	\$ 546.23 \$ 297,501.48 0.1836%	\$ 526.55 \$ 283,228.18 0.1859%	\$ - \$ 269,210.00 0.0000%	\$ - \$ 255,129.84 0.0000%	\$ 32.08 \$ 248,438.47 0.0129%	\$ 45.06 \$ 239,002.49 0.0189%	\$ 58.07 \$ 235,131.56 0.0247%	
Tax Levy Due to TIRZ (Multiplied by) Percent Collected of Actual Levy	\$ 231,142.78 93.1768%	\$ 175,090.73 7.1047%	\$ 147,701.32 0.7354%	\$ 133,044.34 0.5228%	\$ 97,762.52 0.5424%	\$ 80,322.66 0.1836%	\$ 63,697.79 0.1859%	\$ 51,516.23 0.0000%	\$ 39,280.81 0.0000%	\$ 33,466.12 0.0129%	\$ 25,266.41 0.0189%	\$ 21,902.64 0.0247%	
(Less) Administrative Cost (Less) Adjustments ** (Less) Adjustments (5 year cap) *** 2022-2023 TIRZ PAYMENT AMOUNT LESS: Overpayment amount from 2009-2021 2022-2023 TIRZ ADJUSTED PAYMENT AMOUNT	\$ 215,371.45 (1,000.00) \$ 214,371.45	\$ 12,439.67 (193.30) \$ 12,246.37	\$ 1,086.20 \$ 1,086.20	\$ 695.56 \$ 695.56	\$ 530.26 \$ 530.26	\$ 147.47 \$ 147.47	\$ 118.41 (118.41) \$ -	\$ - \$ -	\$ - \$ -	\$ 4.32 (4.32) \$ -	\$ 4.78 (4.78) \$ -	\$ 5.41 (5.41) \$ -	\$ 229,077.31 \$ (3,891.65) \$ 225,185.66

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

*** Adjustments are made in order to prevent payment of uncollectible taxes; taxes that are delinquent for more than five years will be considered uncollectible.

\$ (15,344.29)

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



February 6, 2024

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

Re: City of Alamo TIRZ No. 1 - Report No. 2023-36

Dear Mr. Villarreal:

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

The scope of the review was limited to the tax accounts located within the TIRZ for tax roll 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 improvements could be made. The responsibility for sound internal controls rests with management.

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

The results of the review revealed the following:

1. The 2022 list of tax accounts coded THCAO included tax accounts 112146, 112206, 112209, 112426, 237156, 237157, 274248, 539986, 539987, 555533, 628879, 666726, and 714334 that were not located within the TIRZ boundaries;
2. The 2022 list of tax accounts coded THCAO did not include tax accounts 821234, 1019819, 1380349, and 237153 which are located within the TIRZ boundary.

Please make the necessary corrections and submit a revised City of Alamo TIRZ collection report and list of tax accounts to the County Auditor's Office by February 16, 2024.

If you have any questions, please contact Karen Ramirez, Internal Auditor IV, at 318-2511 ext. 4606, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,


Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

COUNTY of HIDALGO

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EDINBURG, TEXAS 78539

February 6, 2024

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

Ref: City of Alamo TIRZ No. 1 (THCAO) Report No. 2023-36

Dear Mr. Garza:

We conducted a limited scope review of the tax year 2022 list of tax accounts coded THCAO by Hidalgo County Appraisal District (HCAD). The objective of the review was to determine whether the list only included real property accounts located within the TIRZ boundaries.

The scope of the review was limited to randomly selected property tax accounts located within the TIRZ boundaries for tax roll 2022. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction.

In conducting the review, we examined the agreement between Hidalgo County and the City of Alamo TIRZ No. 1, the list of property accounts coded THCAO and the TIRZ map provided by the HCAD.

The results of the review revealed the following:

1. The 2022 list of tax accounts coded THCAO included tax accounts 112146, 112206, 112209, 112426, 237156, 237157, 274248, 539986, 539987, 555533, 628879, 666726, and 714334 that were not located within the TIRZ boundaries;
2. The 2022 list of tax accounts coded THCAO did not include tax accounts 821234, 1019819, 1380349, and 237153 which are located within the TIRZ boundary.

Please make the necessary corrections and submit the revised list of tax accounts coded THCAO by HCAD to the Hidalgo County Auditor's Office and Tax Assessor/Collector's by February 16, 2024.

If you have any questions, please contact Karen Ramirez, Internal Auditor IV, at 318-2511 ext. 4606, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,

Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge
The Honorable Pablo Villarreal, Hidalgo County Tax Assessor-Collector

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 448TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

COUNTY of HIDALGO

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May 2, 2024

Rolando Garza, Chief Appraiser
Hidalgo County Appraisal District
4405 S. Professional Dr.
Edinburg, Texas 78540-0208

Re: United Parcel Service, Inc. 2024 Tax Abatement Report No. 2024-21

Dear Mr. Garza:

We completed a limited scope review of the tax abatement agreement between Hidalgo County and United Parcel Service, Inc (UPS). The objective of the review was to determine if UPS qualifies for a tax abatement for the 2024 tax year.

Scope and Methodology:

The scope of the review was limited to a review of the tax abatement agreement between Hidalgo County and United Parcel Service, Inc., and correspondence received from UPS regarding compliance with terms of the tax abatement agreement.

Conclusion:

Based on the review, we determined that United Parcel Service, Inc. qualifies for 60% tax abatement for the 2024 tax year based on the increase in newly created value ascertained from the tax rolls of the Hidalgo County Appraisal District.

If you have any questions please contact Enrique Leal, Internal Auditor II, at (956) 318-2511, ext. 4641, Karen Ramirez, Compliance Audit Supervisor, at ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at 4651.

Respectfully,

Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge
Ms. Blanca Perez, Supervisor - Property Records, Hidalgo County Appraisal District

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO



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May 31, 2024

Rolando Garza, Chief Appraiser
Hidalgo County Appraisal District
4405 S. Professional Dr.
Edinburg, Texas 78540-0208

Re: Hidalgo Wind Farm, LLC- Phase I and Phase II 2024 Tax Abatement Report No. 2024-18 and 2024-19

Dear Mr. Garza:

We completed a limited scope review of the tax abatement agreements between Hidalgo County and Hidalgo Wind Farm, LLC Phase I and Phase II. The objective of the review was to determine if Hidalgo Wind Farm, LLC qualifies for a tax abatement for the 2024 tax year.

Scope and Methodology:

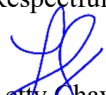
The scope of the review was limited to a review of the tax abatement agreements between Hidalgo County and Hidalgo Wind Farm, LLC Phase I and Phase II, correspondence received from Hidalgo Wind Farm, LLC, and compliance verification letter from Hidalgo Wind Farm, LLC regarding compliance with terms of the tax abatement agreements.

Conclusion:

Based on the review, we determined that Hidalgo Wind Farm, LLC Phase I and Phase II qualify for 80% and 70% tax abatement, respectively, for the 2024 tax year based on the capital improvement cost.

If you have any questions please contact Karen Ramirez, Compliance Audit Supervisor, at 318-2511 ext. 4606, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654 or me at ext. 4651.

Respectfully,


Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, Hidalgo County Judge
Ms. Blanca Perez, Supervisor - Property Records, Hidalgo County Appraisal District

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANGIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO

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



March 19, 2024

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

Re: *Monthly Fees Report* for March 2023 through December 2023

Dear Constable Avila:

We conducted a limited scope review of the Constable Precinct No. 1 *Monthly Fees Report* (MFR) and supporting documentation for the months of March 2023 through December 2023 pursuant to Local Government Code §115.002 (a) and (b) and Code of Criminal Procedure Article 103.011. The objective of the review was to determine if fees collected were properly accounted and reported. The purpose of this report is to furnish management independent, objective analyses, recommendations, and information concerning the area reviewed. The report should serve as a tool to help management discern and implement specific improvements.

Executive Summary:

Based on the review, we concluded that fees collected were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees requires improvement. More specifically, we noted that the May 2, 2023 and June 6, 2023 collections were not deposited at the bank and remitted to the County Treasurer's Office timely.

Scope:

The scope of the review was limited to collections reported on the MFR for the months of March 2023 through December 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the MFR and supporting documentation were submitted to the County Auditor's Office within 5 days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts were issued in sequential order.
- Verified that procedures for voiding receipts were properly followed.
- Reviewed *Cashier's Daily Close-out Report/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution in a timely manner.

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, 388TH 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. YSMAEL FONSECA JUDGE, 476TH D.C.

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

Conclusion:

Based on the review, we concluded that fees collected were properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees requires improvement as noted in the observations below. Total collections for the months of March 2023 through December 2023 were as follows:

Month	Amount	Month	Amount
23-Mar	\$ 16,124.00	23-Aug	\$ 900.00
23-Apr	\$ 2,225.00	23-Sep	\$ 10,794.00
23-May	\$ 13,192.00	23-Oct	\$ 26,143.00
23-Jun	\$ 17,206.00	23-Nov	\$ 950.00
23-Jul	\$ 850.00	23-Dec	\$ 600.00

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

Observation No. 1:

We noted that the May 2, 2023 and June 6, 2023 collections totaling \$10,692.00 and \$15,906.00, respectively were not deposited at the bank and remitted to the County Treasurer’s Office timely. The May 2, 2023 collections were deposited on June 1, 2023 and the June 6, 2023 collections were deposited on June 12, 2023. Constable Precinct 1 staff was unable to provide an explanation as to why the collections were not deposited and remitted timely.

Pursuant to the Cash Handling Guidelines and Procedures, cash receipts over \$100.00 must be deposited intact on a daily basis. Collections less than \$100.00 must be deposited by the end of the work week. Additionally, 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 the next regular business day deadline is not met, the officer must deposit the funds, without exception, on or before the seventh business day after the day on which the funds are received.

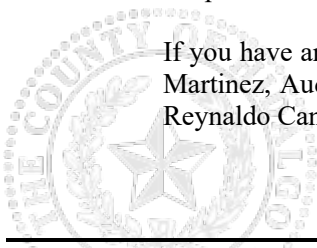
Failure to ensure collections are deposited on a daily basis may increase the risk of loss or misuse of County revenue.

Recommendation:

Management should ensure that collections are deposited with the bank and remitted to the County Treasurer’s Office on a daily basis. At a minimum, the procedures noted above should be implemented.

Please provide a management response to the observation noted above by April 3, 2024. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions, please contact Alejandro Torres, Internal Auditor III, at 318-2511, ext. 4641, Corina Martinez, Audit Compliance Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654 or me at ext. 4651.



HIDALGO COUNTY DISTRICT JUDGES

The Honorable Celestino Avila
March 19, 2024
Page 3 of 3

Respectfully,



Letty Chavez
County Auditor

Enclosure: Management Response Form

cc: The Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 93 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.	YSMAEL FONSECA JUDGE, 476 th D.C.
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COUNTY of HIDALGO

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



March 19, 2024

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

Re: MFR for March 2023 through December 2023

Dear Constable Cantu:

We conducted a limited scope review of the Constable Precinct No. 2 *Monthly Fees Report* (MFR) and supporting documentation for the months of March 2023 through December 2023 pursuant to Local Government Code §115.002 (a) and (b) and Code of Criminal Procedure Article 103.011. The objective of the review was to determine if fees collected were properly accounted and reported. The purpose of this report is to furnish management independent, objective analyses, recommendations, and information concerning the area reviewed. The report should serve as a tool to help management discern and implement specific improvements.

Executive Summary:

Base on the review, we concluded that fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of March 2023 through December 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the MFR and supporting documentation were submitted to the County Auditor's Office within 5 days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts were issued in sequential order.
- Verified that procedures for voiding receipts were properly followed.
- Reviewed *Cashier's Daily Close-out Report/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution in a timely manner.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Constable; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, Close-out Reports, and the MFR were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

Conclusion:

Base on the review, we concluded that fees collected were generally properly accounted and reported. Total collections for the months of March 2023 through December 2023 were as follows:

Month	Amount	Month	Amount
23-Mar	\$ 37,531.00	23-Aug	\$ 4,020.00
23-Apr	\$ 6,858.00	23-Sep	\$ 10,245.00
23-May	\$ 6,693.00	23-Oct	\$ 13,930.00
23-Jun	\$ 27,697.00	23-Nov	\$ 7,825.00
23-Jul	\$ 800.00	23-Dec	\$ 10,750.00

If you have any questions, please contact Alejandro Torres, Internal Auditor III, at 318-2511 ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

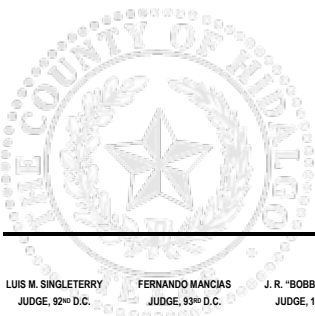
Respectfully,



Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Armando Campos, Chief Deputy, Hidalgo County Precinct No. 2

HIDALGO COUNTY DISTRICT JUDGES



COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
Hidalgo County Administration Building
2808 South Business Highway 281
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March 20, 2024

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

Re: MFR for March 2022 through December 2023

Dear Constable Gallardo:

We conducted a limited scope review of the Constable Precinct No. 3 *Monthly Fees Report* (MFR) and supporting documentation for the months of March 2022 through December 2023 pursuant to Local Government Code §115.002 (a) and (b) and Code of Criminal Procedure Article 103.011. The objective of the review was to determine if fees collected were properly accounted and reported. The purpose of this report is to furnish management independent, objective analyses, recommendations, and information concerning the area reviewed. The report should serve as a tool to help management discern and implement specific improvements.

Executive Summary:

Based on the review, we concluded that fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of March 2022 through December 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the MFR and supporting documentation were submitted to the County Auditor's Office within 5 days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts were issued in sequential order.
- Verified that procedures for voiding receipts were properly followed.
- Reviewed *Cashier's Daily Close-out Report/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution in a timely manner.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Constable; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, Close-out Reports, and the MFR were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 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, 388TH 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. YSMAEL FONSECA JUDGE, 476TH D.C.

Conclusion:

Based on the review, we concluded that fees collected were generally properly accounted and reported. Total collections for the months of March 2022 through December 2023 were as follows:

2022				2023			
March	\$ 10,148.00	September	\$ 13,508.00	January	\$ 11,642.00	July	\$ 9,684.00
April	\$ 13,620.00	October	\$ 5,890.00	February	\$ 15,032.00	August	\$ 17,018.00
May	\$ 17,567.00	November	\$ 14,046.00	March	\$ 9,705.00	September	\$ 2,890.00
June	\$ 20,439.00	December	\$ 12,191.00	April	\$ 8,463.00	October	\$ 17,754.00
July	\$ 2,500.00			May	\$ 12,826.00	November	\$ 2,525.00
August	\$ 14,295.00			June	\$ 9,158.00	December	\$ 8,791.00

If you have any questions, please contact Alejandro Torres, Internal Auditor III, at 318-2511, ext. 4641, Corina Martinez, Audit Compliance Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654 or me at ext. 4651.

Respectfully,



Letty Chavez
 County Auditor

cc: The Honorable Richard Cortez, County Judge
 Mr. Valde Guerra, County Executive Officer
 Mr. Gerardo Zamora, Chief Deputy Constable, Hidalgo County Precinct No. 3



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. 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. YSMAEL FONSECA JUDGE, 476TH 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
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WEBSITE: www.co.hidalgo.tx.us/auditor



April 8, 2024

The Honorable Atanacio Gaitan Jr, Constable
Hidalgo County Precinct No. 4
1212 S. 25th Ave. Suite B
Edinburg, TX 78542

Re: MFR for March 2023 through December 2023

Dear Constable Gaitan:

We conducted a limited scope review of the Constable Precinct No. 4 *Monthly Fees Report* (MFR) and supporting documentation for the months of March 2023 through December 2023 pursuant to Local Government Code §115.002 (a) and (b) and Code of Criminal Procedure Article 103.011. The objective of the review was to determine if fees collected were properly accounted and reported. The purpose of this report is to furnish management independent, objective analyses, recommendations, and information concerning the area reviewed. The report should serve as a tool to help management discern and implement specific improvements.

Executive Summary:

Based on the review, we concluded that fees collected were 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 March 2023 through December 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the MFR and supporting documentation were submitted to the County Auditor's Office within 5 days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts were issued in sequential order.
- Verified that procedures for voiding receipts were properly followed.
- Reviewed *Cashier's Daily Close-out Report/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution in a timely manner.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Constable; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, Close-out Reports, and the MFR were properly completed.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92nd D.C. FERNANDO MANCIAS JUDGE, 93rd D.C. J. R. "BOBBY" FLORES JUDGE, 139th D.C. ROSE GUERRA REYNA JUDGE, 206th D.C. MARLA CUELLAR JUDGE, 275th D.C. MARIO E. RAMIREZ, JR. JUDGE, 332nd D.C. NOE GONZALEZ JUDGE, 370th D.C. OVERSEER LETICIA LOPEZ JUDGE, 389th D.C. L. KENO VASQUEZ JUDGE, 398th D.C. ISRAEL RAMON, JR. JUDGE, 430th D.C. RENEE R. BETANCOURT JUDGE, 449th D.C. JOSE "JOE" RAMIREZ JUDGE, 464th D.C. YSMAEL FONSECA JUDGE, 476th D.C.

Conclusion:

Based on the review, we concluded that fees collected were properly accounted and reported. Total collections for the months of March 2023 through December 2023 were as follows:

Month	Amount	Month	Amount
23-Mar	\$ 2,133.00	23-Aug	\$ 10,520.00
23-Apr	\$ 1,641.00	23-Sep	\$ 6,570.00
23-May	\$ 8,742.00	23-Oct	\$ 9,667.00
23-Jun	\$ 6,311.00	23-Nov	\$ 8,897.00
23-Jul	\$ 18,056.00	23-Dec	\$ 1,226.00

If you have any questions, please contact Alejandro Torres, Internal Auditor III, at 318-2511, ext. 4644, Corina Martinez, Audit Compliance Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654 or me at ext. 4651.

Respectfully,

Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Horaldo Sanchez, Chief Deputy, Hidalgo County Constable Precinct No. 4



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92nd D.C. FERNANDO MANCIAS JUDGE, 93rd D.C. J. R. "BOBBY" FLORES JUDGE, 139th D.C. ROSE GUERRA REYNA JUDGE, 206th D.C. MARLA CUELLAR JUDGE, 275th D.C. 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. YSMAEL FONSECA JUDGE, 476th 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



April 10, 2024

The Honorable Daniel Marichalar, Constable
Hidalgo County Precinct No. 5
708 E. Edinburg Ave., Ste A
Elsa, Texas 78543

Re: MFR for February 2022 through December 2023

Dear Constable Marichalar:

We conducted a limited scope review of the Constable Precinct No. 5 *Monthly Fees Report* (MFR) and supporting documentation for the months of February 2022 through December 2023 pursuant to Local Government Code §115.002 (a) and (b) and Code of Criminal Procedure Article 103.011. The objective of the review was to determine if fees collected were properly accounted and reported. The purpose of this report is to furnish management independent, objective analyses, recommendations, and information concerning the area reviewed. The report should serve as a tool to help management discern and implement specific improvements.

Executive Summary:

Based on the review, we concluded that not all fees collected were generally properly accounted and reported. In addition, the system of internal controls for the accounting and reporting of fees requires improvement. More specifically, we noted the following:

- Constable Precinct No. 5 Office incorrectly invoiced the Office of the Attorney General for Title IV-D services. In addition, the Title IV-D invoices were not submitted timely to the Office of The Attorney General.
- The *Monthly Fees Reports* and applicable supporting documentation were not filed with the County Auditor's Office within five days after the last day of the month.
- Collections were not always timely remitted to Treasurer's Office and deposited daily at the bank.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of February 2022 through December 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the MFR and supporting documentation were submitted to the County Auditor's Office within 5 days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts were issued in sequential order.
- Verified that procedures for voiding receipts were properly followed.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 93 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.	YSMAEL FONSECA JUDGE, 476 th D.C.
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- Reviewed *Cashier's Daily Close-out Report/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution in a timely manner.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Constable; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, Close-out Reports, and the MFR were properly completed.

Conclusion:

Based on the review, we concluded that not all fees collected were generally properly accounted and reported. In addition, the system of internal controls for the accounting and reporting of fees requires improvement as noted in the following observations. Total collections for the months of February 2022 through December 2023 were as follows:

2022	Amount	2023	Amount
February	No Collections	January	No Collections
March	\$ 850.00	February	No Collections
April	\$ 225.00	March	\$ 2,904.00
May	\$ 2,970.00	April	No Collections
June	No Collections	May	\$ 2,838.00
July	\$ 2,607.00	June	No Collections
August	\$ 100.00	July	No Collections
September	\$ 200.00	August	\$ 7,196.00
October	\$ 5,148.00	September	\$ 100.00
November	\$ 100.00	October	\$ 100.00
December	\$ 14,060.00	November	\$ 5,940.00
		December	\$ 3,234.00

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

Observation No. 1:

We noted that the Office of the Attorney General (OAG) overpaid the Constable's Office \$82.50 in the month of December 2022. The overpayment resulted from the Constable's Office billing the OAG \$100.00 instead of \$75.00 for precept services in the September 2021 and December 2021 Title IV-D invoices.

In addition, we noted that the Title IV-D invoices were sent to the OAG between 3 months to 11 months after the services were performed.

Pursuant to Local Government Code §118.131(a), Commissioners Court of a county may set reasonable fees to be charged for services by offices of the Constable. On September 15, 2020, Commissioners Court approved the Sheriff and Constable Fee Schedule effective January 2021. The schedule details the amounts that must be collected accordingly for the services provided during the 2021 fiscal year.

Failure to ensure that fees are properly and timely invoiced may result in the loss of County funds.

Recommendation:

Management should develop and implement formal procedures to ensure that fees are properly and timely invoiced. The invoices should be submitted to the OAG no later than one month after the services were performed.

HIDALGO COUNTY DISTRICT JUDGES

Observation No. 2:

The February 2022 through November 2022 and January 2023 through December 2023 *Monthly Fees Reports* and applicable supporting documentation were not filed with the County Auditor’s Office within five days after the last day of the month. The reports were submitted within 4 to 140 days late as noted below:

2022				2023			
Month	Days Late	Month	Days Late	Month	Days Late	Month	Days Late
February	15	August	18	January	23	July	17
March	20	September	19	February	10	August	27
April	29	October	21	March	140	September	21
May	25	November	22	April	110	October	36
June	45	December	4	May	79	November	7
July	18			June	49	December	6

Local Government Code §114.001 (b) requires monthly reports to be filed with the County Auditor’s Office within five days after the last day of each month.

Failure to ensure that the *Monthly Fees Report* is filed with the County Auditor’s Office within five days after the last day of the month may result in the improper reporting of County funds.

Recommendation:

Management should ensure that the *Monthly Fees Report* and supporting documentation are filed with the County Auditor’s Office within five days after the last day of the month as required by Local Government Code §114.001 (b).

Observation No. 3:

We noted that collections for September 18, 2023, October 20, 2023, November 9, 2023, November 20, 2023, and December 11, 2023 totaling \$100.00, \$100.00, \$858.00, \$2,244.00, and \$3,234.00, respectively, were not remitted timely to the Treasurer’s Office. The collections were remitted 21 to 42 days late as noted below:

Collection Date	Date Remitted	Days Late	Collection Date	Date Remitted	Days Late
September 18, 2023	October 20, 2023	32	November 20, 2023	December 11, 2023	21
October 20, 2023	December 1, 2023	42	December 11, 2023	January 9, 2024	29
November 9, 2023	December 11, 2023	32			

Constable Precinct No. 5 staff was unable to provide an explanation as to why the collections were not remitted in a timely manner.

In addition, the collections for November 9, 2023 and December 11, 2023 were not deposited timely at the bank. The deposits were made 3 days and 8 days after the date of collection.

Pursuant to the Cash Handling Guidelines and Procedures, cash receipts must be deposited intact on a daily basis, unless the amount collected is less than \$100.00. Collections less than \$100.00 must be deposited by the end of the work week. Additionally, 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 the next regular business day deadline is not met, the officer must deposit the funds, without exception, on or before the fifth business day after the day on which the funds are received.

HIDALGO COUNTY DISTRICT JUDGES

Honorable Daniel Marichalar
April 10, 2024
Page 4 of 4

Failure to ensure that collections are timely remitted to the Treasurer's Office and deposited daily at the bank may increase the risk of loss or misuse of County funds.

Recommendation:

Management should ensure that collections are timely remitted to Treasurer's Office and deposited daily at the bank. At a minimum, the procedures noted above should be implemented.

Please provide a management response to the observations noted above by April 25, 2024. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

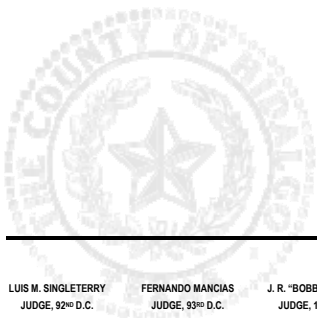
If you have any questions, please contact Alejandro Torres, Internal Auditor III, at 318-2511, ext. 4641, Corina Martinez, Audit Compliance Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654 or me at ext. 4651.

Respectfully,



Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Mr. Diomar Galvan, Chief Deputy, Hidalgo County Constable Precinct No. 5



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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**HIDALGO COUNTY AUDITOR'S OFFICE
INTERNAL AUDIT DIVISION
MANAGEMENT RESPONSE FORM**

AUDITEE: Constable Precinct 5 **AUDIT NO.:** _____
AUDIT: Monthly Fee Report for February 2022 through December 2023 **MANAGEMENT RESPONSE DUE:** April 25, 2024
FINDING No.: 1 **RECOMMENDATION:** 1

Management should develop and implement formal procedures to ensure that fees are properly and timely invoiced. The invoices should be submitted to the OAG no later than one month after the services were performed.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Constable Precinct 5 **AUDIT NO.:** _____
AUDIT: Monthly Fee Report for February 2022 through December 2023 **MANAGEMENT RESPONSE DUE:** April 25, 2024
FINDING No.: 2 **RECOMMENDATION:** 2

Management should ensure that the Monthly Fees Report and supporting documentation are filed with the County Auditor's Office within five days after the last day of the month as required by Local Government Code §114.001 (b).

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Constable Precinct 5 **AUDIT NO.:** _____
AUDIT: Monthly Fee Report for February 2022 through December 2023 **MANAGEMENT RESPONSE DUE:** April 25, 2024
FINDING No.: 3 **RECOMMENDATION:** 3

Management should ensure that collections are timely remitted to Treasurer's Office and deposited daily at the bank. 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):

Specify Target Date of Remedial Action (if any):

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



April 10, 2024

Mr. Homero Garza, Fire Marshal
Hidalgo County Fire Marshal's Office
2814 S. Business Hwy 281
Edinburg, Texas 78539

Re: Monthly Fees Report for May 2023 through December 2023

Dear Mr. Garza:

We conducted a limited scope review of the Fire Marshal's *Monthly Fees Report* (MFR) and supporting documentation for the months of May 2023 through December 2023 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.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of May 2023 through December 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the MFR and supporting documentation were submitted to the County Auditor's Office within 5 days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts were issued in sequential order.
- Verified that procedures for voiding receipts were properly followed.
- Reviewed *Daily Remittance* forms to determine if fees collected were properly accounted and deposited with the County Treasurer on or before the fifth day after the day on which the funds were received.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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- Verified that the collections per the MFR agreed to total receipts issued and the deposits made with the County Treasurer.
- Verified that receipts, *Daily Remittance* forms, and the MFR were properly completed.

Conclusion:

Collections for the months of May 2023 through December 2023 totaled \$65,653.93, \$11,869.00, \$7,905.00, \$11,250.00, \$9,006.40, \$12,865.00, \$15,311.25, and \$13,753.50, respectively. Based on the review, we concluded that fees were generally properly accounted and reported.

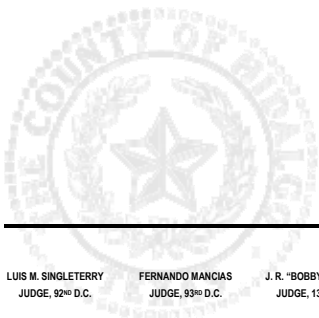
If you have any questions, please contact Alejandro Torres, Internal Auditor III, at 318-2511 ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

Respectfully,



Letty Chavez
County Auditor

cc: The Honorable Richard Cortez, County
Mr. Valde Guerra, County Executive Officer
Mr. Eric Sanchez, Chief Deputy Fire Marshal



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 nd D.C.	FERNANDO MANCIAS JUDGE, 93 rd D.C.	J. R. "BOBBY" FLORES JUDGE, 139 th D.C.	ROSE GUERRA REYNA JUDGE, 206 th D.C.	MARLA CUELLAR JUDGE, 275 th D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 nd D.C.	NOE GONZALEZ JUDGE, 370 th D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 th D.C.	L. KENO VASQUEZ JUDGE, 398 th D.C.	ISRAEL RAMON, JR. JUDGE, 430 th D.C.	RENEE R. BETANCOURT JUDGE, 449 th D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 th D.C.	YSMAEL FONSECA JUDGE, 476 th D.C.
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COUNTY of HIDALGO



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

November 13, 2023

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

Re: Environmental Health Division MFR for February 2022 through July 2023

Dear Mr. Olivarez:

We conducted a limited scope review of the Environmental Health Division *Monthly Fees Report* (MFR) and supporting documentation for the months of February 2022 through July 2023 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 collected were 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 February 2022 through July 2023. The review was not intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the MFR and supporting documentation were submitted to the County Auditor's Office within 5 days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the MFR was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts were issued in sequential order.
- Verified that procedures for voiding receipts were properly followed.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH D.C.

- Reviewed *Daily Remittance/Close-out Reports* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution in a timely manner.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Environmental Health Division; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, Close-out Reports, and the MFR were properly completed.

Conclusion:

Based on the review, we concluded that fees collected were properly accounted and reported. Collections for the months of February 2022 through July 2023 totaled the following:

2022		2023	
February	\$ 22,175.00	January	\$ 30,525.00
March	\$ 40,335.00	February	\$ 28,785.00
April	\$ 27,035.00	March	\$ 27,720.00
May	\$ 31,325.00	April	\$ 29,475.00
June	\$ 38,520.00	May	\$ 33,135.00
July	\$ 36,360.00	June	\$ 39,880.00
August	\$ 37,375.00	July	\$ 44,080.00
September	\$ 29,250.00		
October	\$ 30,095.00		
November	\$ 22,445.00		
December	\$ 34,905.00		

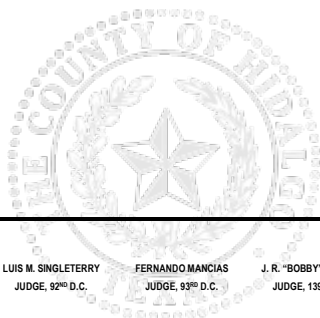
If you have any questions, please contact Linda Vasquez, at 318-2511, ext. 4694, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
 Interim County Auditor

cc: Honorable Richard Cortez, County Judge
 Mr. Valde Guerra, County Executive Officer
 Mr. Martin Ramirez, Program Manager III



HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO

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EDINBURG, TEXAS 78539

October 30, 2023

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

Re: Sanitation Program MFR for January 2022 through December 2022

Dear Commissioner Villarreal:

We conducted a limited scope review of the Precinct No. 3 Sanitation Program *Monthly Fee Report* (MFR) and supporting documentation for the months of January 2022 through December 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:

Fees collected were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees requires improvement. More specifically we noted the following:

- Shortages have not been replenished;
- Shortages for the months of April 2022 and May 2022 have not been replenished; and
- The *Void Permit Log* is not properly completed.

Scope:

The scope of the review was limited to collections reported by your office on the MFR for the months of January 2022 through December 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.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts and permits 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. 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. YSMAEL FONSECA JUDGE, 476TH D.C.

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

Conclusion:

Collections for the months of January 2022 through December 2022 totaled \$47,000.00, \$37,860.00, \$53,250.00, \$48,170.00, \$41,365.00, \$43,575.00, \$39,870.00, \$42,685.00, \$36,225.00, \$38,145.00, \$37,800.00, and \$42,175.00, respectively. Based on the review, we concluded that fees collected were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees requires improvement as noted in the 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

On January 13, 2022, February 28, 2022, and March 7, 2022, overages were recorded in the amounts of \$1.00, \$1.00, and \$3.00, respectively, by user 103. According to staff, incorrect change was disbursed resulting in the overages. Additionally, on August 9, 2022, an overage of \$15.00 was recorded due to change being left behind by a constituent. All overages were deposited with the daily collections.

Also, on April 12, 2022 and May 12, 2022, shortages were recorded in the amounts of \$3.00 and \$15.00, respectively, by user 103. According to staff, incorrect change was disbursed resulting in the shortages. The shortages totaling \$18.00 were approved for indemnification by Commissioners Court on June 9, 2022 with AI-86086.

Furthermore, on August 25, 2022 and November 18, 2022, shortages were recorded in the amounts of \$25.00 each by user 103. According to staff, the incorrect change was disbursed resulting in the \$50.00 shortage. As of the date of this letter, the \$50.00 shortage has not been replenished.

The County Auditor's Office requires that all payments be promptly recorded and controlled using pre-numbered official County receipts. Generally, overages collected should be remitted to the County Treasurer's Office as miscellaneous revenue and deposited with the daily collections. Cash receipts should be deposited intact on a daily basis. A county officer is personally liable for the loss of funds (e.g., shortage, acceptance of counterfeit bill, hot check, credit card chargeback, etc.) while in his/her possession in the performance of official duties. All shortages must be replenished.

Failure to ensure that all payments received are properly collected, promptly receipted, and deposited cash receipts are deposited intact on a daily basis may result in the loss of County revenue.

Recommendation:

Management should retrain staff to ensure that collections are deposited intact on a daily basis. In addition, management should 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. Management should replenish the \$50.00 shortage or request indemnification from Commissioners Court pursuant to Local Government Code §157.903.

HIDALGO COUNTY DISTRICT JUDGES

Observation No. 2:

We noted that several void and reissued permits in the months of March, May, June, July, August, October, November, and December 2022 were not properly documented on the *Void Permit Log*. Precinct staff did not provide an explanation as to why the void and reissued permits were not properly documented on the *Void Permit Log*.

The County Auditor's Office requires the Precinct to maintain a *Void Permit Log* to document the issuance of a new permit to replace an active permit (void permit). The *Void Permit Log* requires the employee to document the date the permit was voided, void permit number, reason for void, new permit number, the name of the individual requesting the new permit, employee's signature, and the supervisor's signature of approval. The supervisor's signature must be obtained prior to voiding the permit. In addition, prior to issuing a replacement permit, the voided permit must be obtained from the constituent, marked void, and submitted to the County Auditor's Office along with the *Monthly Fee Report*. If the void permit cannot be provided by the constituent because the vehicle was stolen or the vehicle was involved in an accident, a police report must be obtained prior to replacing the permit. Void permits should not be reactivated in the Solid Waste Disposal Program.

Failure to ensure that the *Void Permit Log* is properly completed may result in the loss of County revenue.

Recommendation:

Management should ensure that the *Void Permit Log* is properly completed. At a minimum, the procedures noted above should be implemented.

Please provide a management response to the observations noted above by November 14, 2023. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions, please contact Linda Vasquez, Internal Auditor II, at 318-2511 ext. 4694, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

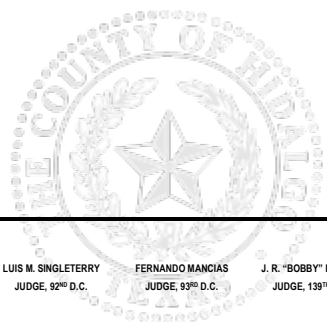
Respectfully,



Linda Fong, CPFO
Interim County Auditor

Enclosures: Management Response Forms

cc: Honorable Richard Cortez, County Judge
Valde Guerra, County Executive Officer
Jorge Arcaute, Chief Administrator, Hidalgo County Precinct No. 3
Norma Ceballos, Executive Assistant III, Hidalgo County Precinct No. 3



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. 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. YSMAEL FONSECA JUDGE, 476TH D.C.



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

AUDITEE: Commissioner Precinct 3 **AUDIT NO.:** _____
Sanitation Program Monthly
AUDIT: Fee Report for January 2022 **MANAGEMENT**
through December 2022 **RESPONSE DUE:** November 14, 2023
FINDING No.: 1 **RECOMMENDATION:** 1

Management should retrain staff to ensure that collections are deposited intact on a daily basis. In addition, management should 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. Management should replenish the \$50.00 shortage or request indemnification from Commissioners Court pursuant to Local Government Code §157.903.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE:	Commissioner Precinct 3	AUDIT NO.:	
AUDIT:	Sanitation Program Monthly Fee Report for January 2022 through December 2022	MANAGEMENT RESPONSE DUE:	November 14, 2023
FINDING No.:	2	RECOMMENDATION:	2

Management should ensure that the *Void Permit Log* is properly completed. At a minimum, the procedures noted in the observation should be implemented.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____

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



March 13, 2024

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

Re: Sanitation Program MFR for October 2021 through December 2023

Dear Commissioner Torres:

We conducted a limited scope review of the Sanitation Program *Monthly Fee Report* (MFR) and supporting documentation for the months of October 2021 through December 2023 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 audit observations noted below were addressed to Precinct 4 via email as the MFRs were reviewed; however, the observations have not been resolved.

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 results of our review, fees and permits were not generally properly accounted and reported. More specifically, the following was noted during our review:

- Permits were out of sequence and unaccounted for resulting in a shortage of \$400.00;
- Shortages and overages were incurred totaling \$230.00 (shortage) and \$457.00 (overage);
- Permit numbers were not always properly entered in the Solid Waste Disposal Program;
- The *Void Permit Log* was not properly completed and a *Void Permit Log* was not submitted to the Auditor's Office for the months of August 2022 and November 2023;
- The Close-out Reports and MFRs are not always properly prepared and reconciled to total receipts and permits issued, credit card payments, and bank deposits;
- Cash receipts over \$100.00 are not deposited with the County's depository daily;
- The Close-out Reports are not submitted to the Treasurer's Office within five (5) business days;
- Credit card transactions are reversed/refunded by Hamer upon request by Precinct 4 staff;
- Void receipting procedures were not always followed;
- Checks were accepted without the payee name on the face of the check; and
- MFRs were not always submitted to the Auditor's Office as required by Local Government Code §114.001 (b).

Scope:

The scope of the review was limited to collections reported by Precinct 4 on the MFR for the months of October 2021 through December 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY 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. 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. YSMAEL FONSECA JUDGE, 476th D.C.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the MFR and supporting documentation were submitted to the County Auditor’s Office within five days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the MFR was signed by an authorized signatory as documented on the “Authorized Signatories Form.”
- Verified the mathematical accuracy of the MFR by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts and permits were issued in sequential order.
- Verified that procedures for voiding receipts and permits were properly followed.
- Reviewed *Cashier’s Daily Close-out Reports/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution on a daily basis.
- Verified that the collections per the MFR agreed to: 1.) total receipts issued by the Precinct; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts, Close-out Reports, and the MFR were properly completed.

Conclusion:

Based on the review, we concluded that fees collected were not generally properly accounted and reported. The system of internal controls for the accounting, reporting, and collection of fees requires improvement as noted in the observations below. Total collections for the months of October 2021 through December 2023 were as follows:

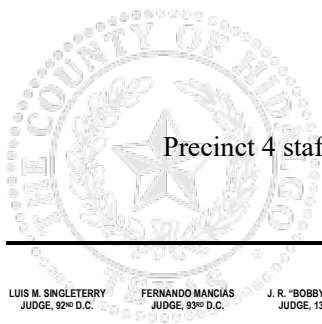
Month	Amount	Month	Amount	Month	Amount
21-Oct	\$47,585.00	22-Jul	\$49,795.00	23-Apr	\$46,120.00
21-Nov	\$46,760.00	22-Aug	\$52,625.00	23-May	\$54,250.00
21-Dec	\$52,570.00	22-Sep	\$43,580.00	23-Jun	\$53,457.50
22-Jan	\$49,470.00	22-Oct	\$43,760.00	23-Jul	\$46,835.00
22-Feb	\$45,145.00	22-Nov	\$42,235.00	23-Aug	\$47,767.50
22-Mar	\$62,525.00	22-Dec	\$49,745.00	23-Sep	\$43,172.50
22-Apr	\$53,385.00	23-Jan	\$55,740.00	23-Oct	\$46,567.50
22-May	\$51,915.00	23-Feb	\$44,570.00	23-Nov	\$48,820.00
22-Jun	\$55,370.00	23-Mar	\$60,105.00	23-Dec	\$45,070.00

Observation No. 1:

We noted that the following permit numbers were out of sequence and unaccounted for:

Month	Permit Number (s)	Month	Permit Number (s)
22-May	105475	23-Sep	119176
23-Feb	112282, 113224, 113293	23-Oct	120274, 120330
23-Mar	113344	23-Nov	120381, 120503
23-Apr	114152, 114188	23-Dec	121691
23-Jun	115586, 116200, 116274		

Precinct 4 staff was unable to provide an explanation for the unaccounted permits.



HIDALGO COUNTY DISTRICT JUDGES

Persons who accept accountable forms (i.e., permits, receipts, etc.) become responsible, upon receipt, for the accountability and safeguarding of such forms. Loss or theft of accountable forms must be promptly reported to the County Auditor's Office. The written notification should include a statement of the circumstances concerning the loss. Accountable forms reported lost or stolen must be marked "Void" in the Solid Waste Disposal Program. Management must also monitor all missing accountable forms to determine if there is a pattern meriting further investigation, modification of procedures, retraining of personnel, or disciplinary action.

Failure to ensure that all permits are properly accounted for and safeguarded may result in the loss of County revenue.

Recommendation:

Management should ensure that permits are properly accounted and safeguarded. At a minimum, the procedures noted above should be implemented. In addition, management should replenish the \$400.00 (16 permits x \$25.00) shortage or request indemnification from Commissioners Court pursuant to Local Government Code §157.903.

Observation No. 2

We noted that shortages and overages were incurred totaling \$230.00 and \$457.00, respectively, as follows:

Shortages:

- Collections were short \$25.00 on June 28, 2022 (receipt 242-117127) and October 14, 2022 (receipt 242-122247) (totaling \$50.00). The collections were not listed on the Solid Waste Disposal Program reconciliation reports, the *Daily Close-out Reports* and MFRs.
- Collections were short \$25.00 on October 31, 2022. A constituent was charged \$25.00 for a 180-day permit instead of \$50.00.
- Collections were short \$75.00 on November 4, 2022. A constituent was charged \$25.00 for a for a 365-day permit instead of \$100.00.
- Collections were short by \$25.00 on February 10, 2023. A constituent was charged \$25.00 for a 180-day permit instead of \$50.00.
- Collections were short \$5.00 on July 6, 2023. The reason for the shortage could not be determined.
- Collections were short \$25.00 on August 14, 2023. A receipt from the Solid Waste Disposal Program was issued to the constituent; however, the funds were not collected. The receipt referenced credit card transaction number 1100000427; however, there was no credit card transaction with that reference number listed on the EZNetPay credit card report.
- Collections were short \$25.00 on August 25, 2023. An explanation for the shortage was not provided.

The shortages, totaling \$230.00, have not been replenished.

Overages:

- Collections were over \$25.00 on April 22, 2022. A constituent was charged \$25.00 and \$100.00 for a 365-day permit. A refund was issued to the constituent.
- Collections were over \$15.00 on October 26, 2022. A constituent was charged \$25.00 for a single day use permit instead of \$10.00. A refund was issued to the constituent.
- Collections were over \$15.00 on December 7, 2022. A constituent was charged \$25.00 for a single day use permit instead of \$10.00. A refund was issued to the constituent.
- Collections were over \$75.00 on December 16, 2022 and \$1.00 on February 8, 2023. The reasons for the overages could not be determined. The funds were remitted to the County Treasurer.
- Collections were over \$25.00 on February 17, 2023. A constituent was charged \$50.00 for a 90-day permit. A refund was issued to the constituent.

HIDALGO COUNTY DISTRICT JUDGES

- Collections were over \$75.00 on February 24, 2023. A constituent was charged \$50.00; however, a receipt was not issued from the Solid Waste Disposal Program. The reason for the remaining \$25.00 overage could not be determined. The funds were remitted to the County Treasurer.
- Collections were over \$25.00 on April 21, 2023. A constituent was charged \$50.00 for a 90-day permit instead of \$25.00. **A refund request has not been submitted to the County Auditor's Office.**
- Collections were over \$50.00 on May 1, 2023. A constituent's credit card was charged twice, in error. A refund was issued to the constituent.
- Collections were over \$25.00 on July 6, 2023. A constituent's credit card was charged \$25.00 and \$50.00 for a 180 day-permit. **A refund request has not been submitted to the County Auditor's Office.**
- Collections were over \$30.00 on July 12, 2023. A constituent was charged \$25.00; however, a receipt was not issued from the Solid Waste Disposal Program. The reason for the remaining \$5.00 overage could not be determined. The funds were remitted to the County Treasurer.
- Collections were over \$25.00 on July 25, 2023. The reason for the void is unknown since the voided receipt was not submitted to the Auditor's Office. The funds were remitted to the County Treasurer.
- Collections were over \$20.00 on December 6, 2023. The reason for the overage could not be determined. The funds were remitted to the County Treasurer.
- Collections were over \$26.00 on December 27, 2023. A constituent was charged \$25.00 twice, in error. **A refund request has not been submitted to the County Auditor's Office.** The reason for the additional \$1.00 overage could not be determined. The \$1.00 was remitted to the County Treasurer.
- Collections were over \$25.00 on December 28, 2023. The reason for the overage could not be determined. The funds were remitted to the County Treasurer.

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

Failure to ensure that fees are properly collected may result in the loss of County revenue.

Recommendation:

Management should monitor all shortages and overages to determine if there is a pattern meriting further investigation, modification of collection procedures, retraining of personnel, or disciplinary action. Management should replenish the \$230.00 shortage or request indemnification from Commissioners Court pursuant to Local Government Code §157.903. In addition, a refund request should be submitted to the Auditor's Office as soon as possible for the overcollection of funds that have not been reimbursed to the constituent.

Observation No. 3:

We noted that permit numbers were not always properly entered in the Solid Waste Disposal Program.

The County Auditor's Office requires the cashier to issue an official receipt reflecting an accurate permit number. The cashier should verify that the actual permit number agrees to the permit number entered in the Solid Waste Disposal Program and the permit number on the receipt prior to issuing the receipt. In addition, the Solid Waste Disposal Program must contain an accurate listing of permit numbers. When a new permit is issued, the new permit information must be entered in the Solid Waste Disposal Program. Precinct staff must scan permits prior to allowing a constituent to enter the disposal site in order to determine if the permit is active in the Solid Waste Disposal Program. If the permit is not active, the constituent cannot be allowed to dispose trash.

HIDALGO COUNTY DISTRICT JUDGES

Failure to ensure that employees are properly entering permit numbers in the Solid Waste Disposal Program may result in the constituent not being allowed to enter the collection station.

Recommendation:

Management should ensure that employees are properly entering permit numbers in the Solid Waste Disposal Program.

Observation No. 4:

We noted that void permits were not always documented on the *Void Permit Log*. In addition, the *Void Permit Log* was not submitted for the month of August 2022 and November 2023. According to Precinct 4 staff, the August 2022 *Void Permit Log* was inadvertently misplaced and no explanation was provided for the November 2023 *Void Permit Log*.

The County Auditor's Office requires that a *Void Permit Log* be maintained to document the issuance of a new permit to replace an active permit (void permit). The *Void Permit Log* requires the date the permit was voided, void permit number, reason for void, new permit number, the name of the individual requesting the new permit, employee's signature, and the supervisor's signature of approval. The supervisor's signature must be obtained prior to voiding the permit. In addition, prior to issuing a replacement permit, the voided permit must be obtained from the constituent, marked void, and submitted to the County Auditor's Office along with the MFR. If the void permit cannot be provided by the constituent because the vehicle was stolen or the vehicle was involved in an accident, a police report must be obtained prior to replacing the permit. Void permits should not be reactivated in the Solid Waste Disposal Program.

Failure to ensure that the *Void Permit Log* is properly completed may result in the loss of County revenue.

Recommendation:

Management should ensure that the *Void Permit Log* is properly completed and a copy is submitted to the County Auditor's Office. At a minimum, the procedures noted above should be implemented.

Observation No. 5:

The Close-out Reports and MFRs are not always properly prepared and reconciled to total receipts and permits issued, credit card payments, and bank deposits. In addition, the December 2022 MFR was not signed by the department head or their designee. Furthermore, online credit card transactions for the months of May 2023 through December 2023 were not properly reported on the Close-out Reports and MFRs. Therefore, not all the online credit card collections were properly included in the Treasurer's Office remittance receipts. According to Precinct 4 staff, not all the online credit card renewal transactions are appearing on the payment report generated in EZNetPay; however, we confirmed that all the online credit card renewal transactions are appearing on the payment report.

The County Auditor's Office requires that the cashier reconcile total receipts and permits issued, credit card payments, and bank deposits using the Close-out Report. In addition, on a monthly basis, the department must prepare a MFR. Total collection on the MFR must be reconciled to total receipts issued, Close-Out Reports, credit card report, permits issued, and deposits. The Close-out Reports must be signed by the cashier, a witness, and the County official or his/her designee to document their responsibility for verifying the amounts reported on the Close-out Report. The MFR must be signed by the preparer and the department head or their designee.

Failure to ensure that the Close-out Reports and MFRs are properly completed and/or reconciled increases the risk of loss of County revenue.

Recommendation:

Management should ensure that Close-out Reports and MFRs are properly prepared and reconciled to total receipts and permits issued, credit card payments, and deposits. At a minimum, the procedures noted above should be implemented.

HIDALGO COUNTY DISTRICT JUDGES

Observation No. 6:

We noted that cash receipts over \$100.00 are not deposited with the County’s depository daily. According to Precinct 4 staff, staff from Constable’s Precinct No. 4 is responsible for the daily deposits and certain events prevented Constable Precinct No. 4 staff from performing the deposits daily. Moving forward, Constable Precinct No. 4 staff will take the deposits to the County’s depository daily.

In addition, it was noted that Close-out Reports are not submitted to the Treasurer’s Office for remittance within five (5) business days. In two instances, remittances were posted by the Treasurer’s Office 64 days late (April 26, 2022 collections remitted by the Treasurer’s Office on July 29, 2022) and 87 days late (July 5, 2022 collections remitted on September 30, 2022).

Pursuant to the Cash Handling Guidelines and Procedures, cash receipts over \$100.00 must be deposited intact on a daily basis. Collections less than \$100.00 must be deposited by the end of the work week. Additionally, 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 the next regular business day deadline is not met, the officer 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 deposited on a daily basis may increase the risk of loss or misuse of County funds. In addition, failure to ensure that Close-out Reports are remitted timely to the Treasurer’s Office may result in the improper reporting of County funds and will cause issues when reconciling receipts to bank deposits. In addition, discrepancies between actual cash collected and deposited amounts will not be addressed in a timely manner.

Recommendation:

Management should ensure that cash receipts over \$100.00 are deposited daily and the *Close-out Reports* are remitted within five business days to the County Treasurer.

Observation No. 7:

Credit card transactions are reversed/refunded by Hamer upon request by Precinct 4 staff. According to the Hamer online credit card payment report, credit card transactions were reversed/refunded on April 25, 2022, May 3, 2022, November 30, 2022, May 12, 2023, May 16, 2023, and July 24, 2023 in the amounts of \$50.00, \$75.00, \$25.00, \$100.00, \$25.00, and \$50.00, respectively. An explanation for each of the reversals were provided by Precinct 4 staff.

Pursuant to the Cash Handling Guidelines and Procedures, refunds using the credit card terminal may not be processed by departments. Refunds must be immediately requested from the County Auditor. The County Auditor must review and approve all refund requests. Refund requests must be provided to the County Auditor’s Office on letter head signed by the County Officer or designee. The request must include the following information:

- Payee name and address;
- Refund amount;
- General ledger account number to be used to process the refund;
- Receipt number and date; and
- Reason for refund.

Failure ensure that all refund requests are properly requested from the County Auditor may increase the risk of loss of County funds.

Recommendation:

Management should ensure that credit card transactions are not reversed/refunded after the transaction has been

HIDALGO COUNTY DISTRICT JUDGES

processed and all refund requests be submitted to the County Auditor. At a minimum, the procedures noted above should be implemented.

Observation No. 8:

We noted that voided receipts did not contain an explanation for the void, the date receipt was void, the cashier's signature, and/or the supervisor's signature of approval. In addition, voided receipts were not always submitted to the County Auditor's Office.

The County Auditor's Office requires that approval of a void receipt be obtained prior to voiding a receipt. Approval of void receipts should be limited to supervisors. The supervisor should ensure the original and all copies of the void receipt contain on the face of the receipt the word "void", an explanation for the void, the date receipt was voided, the cashier's signature, and the supervisor's signature of approval. In addition, the supervisor should ensure that if a new receipt is issued, the voided receipt number and the new receipt number are cross-referenced. All voided receipts must be submitted to the County Auditor's Office.

Failure to properly void receipts and submit them to the County Auditor's Office may result in the loss or misuse of County funds.

Recommendation:

Management should train staff regarding the proper procedures for voiding receipts. At a minimum, the procedures listed above should be implemented.

Observation No. 9:

We noted that checks were accepted without the payee name on the face of the check. According to Precinct 4 staff, cashiers were notified that incomplete checks should not be accepted.

The County Auditor's Office requires that prior to accepting a check for payment, the cashier must verify that the check is made payable to Hidalgo County or the County official's title.

Failure to ensure that cashiers verify that checks are made payable to Hidalgo County or the County official's title may result in the loss or misuse of County funds.

Recommendation:

Management should ensure that cashiers verify that checks are properly completed.

Observation No. 10:

The July 2022 through December 2023 MFRs and applicable supporting documentation were not submitted to the County Auditor's Office within five days after the last day of the month.

Local Government Code §114.001 (b) requires monthly reports to be submitted with the County Auditor's Office within five days after the last day of each month.

Failure to ensure that the monthly report is submitted with the County Auditor's Office within five days after the last day of the month may result in the improper reporting of County funds and not in compliance with state statute.

Recommendation:

Management should develop and implement formal procedures to ensure that *Monthly Fees Reports* and applicable supporting documentation is submitted with the County Auditor's Office within five days after the last day of the month.

Please provide a management response to the observations noted above by March 28, 2024. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

HIDALGO COUNTY DISTRICT JUDGES

The Honorable Ellie Torres
March 13, 2024
Page 8 of 8

If you have any questions, please contact Francisco Saenz, Internal Auditor III, at 318-2511 ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

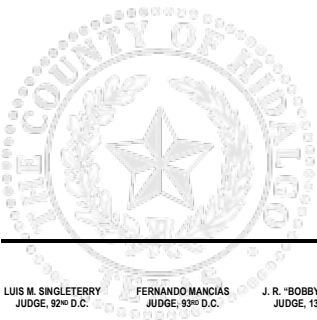
Respectfully,



Letty Chavez
County Auditor

Enclosure: Management Response Forms

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Dr. Jennifer Mendoza Culbertson, Chief of Staff for Internal Affairs, Hidalgo County Precinct No. 4



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. 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. YSMAEL FONSECA JUDGE, 476TH D.C.



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

AUDITEE: Commissioner Precinct 4 **AUDIT NO.:** _____
AUDIT: Sanitation Program Monthly
Fee Report for October 2021
through December 2023 **MANAGEMENT
RESPONSE DUE:** March 28, 2024
FINDING No.: 1 **RECOMMENDATION:** 1

Management should ensure that permits are properly accounted and safeguarded. At a minimum, the procedures noted above should be implemented. In addition, management should replenish the \$400.00 (16 permits x \$25.00) shortage or request indemnification from Commissioners Court pursuant to Local Government Code §157.903.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Commissioner Precinct 4 **AUDIT NO.:** _____
AUDIT: Sanitation Program Monthly
Fee Report for October 2021
through December 2023 **MANAGEMENT
RESPONSE DUE:** March 28, 2024
FINDING No.: 2 **RECOMMENDATION:** 2

Management should monitor all shortages and overages to determine if there is a pattern meriting further investigation, modification of collection procedures, retraining of personnel, or disciplinary action. Management should replenish the \$230.00 shortage or request indemnification from Commissioners Court pursuant to Local Government Code §157.903. In addition, a refund request should be submitted to the Auditor's Office as soon as possible for the overcollection of funds that have not been reimbursed to the constituent.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Commissioner Precinct 4 **AUDIT NO.:** _____
AUDIT: Sanitation Program Monthly
Fee Report for October 2021
through December 2023 **MANAGEMENT
RESPONSE DUE:** March 28, 2024
FINDING No.: 3 **RECOMMENDATION:** 3

Management should ensure that employees are properly entering permit numbers in the Solid Waste Disposal Program.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Commissioner Precinct 4 **AUDIT NO.:** _____
AUDIT: Sanitation Program Monthly
Fee Report for October 2021
through December 2023 **MANAGEMENT
RESPONSE DUE:** March 28, 2024
FINDING No.: 4 **RECOMMENDATION:** 4

Management should ensure that the Void Permit Log is properly completed and a copy is submitted to the County Auditor's Office. 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):

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Commissioner Precinct 4 **AUDIT NO.:** _____
AUDIT: Sanitation Program Monthly
Fee Report for October 2021
through December 2023 **MANAGEMENT
RESPONSE DUE:** March 28, 2024
FINDING No.: 5 **RECOMMENDATION:** 5

Management should ensure that Close-out Reports and MFRs are properly prepared and reconciled to total receipts and permits issued, credit card payments, and deposits. 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):

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Commissioner Precinct 4 **AUDIT NO.:** _____
AUDIT: Sanitation Program Monthly
Fee Report for October 2021
through December 2023 **MANAGEMENT
RESPONSE DUE:** March 28, 2024
FINDING No.: 6 **RECOMMENDATION:** 6

Management should ensure that cash receipts over \$100.00 are deposited daily and the Close-out Reports are remitted within five business days to the County Treasurer.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Commissioner Precinct 4 **AUDIT NO.:** _____
AUDIT: Sanitation Program Monthly
Fee Report for October 2021
through December 2023 **MANAGEMENT
RESPONSE DUE:** March 28, 2024
FINDING No.: 7 **RECOMMENDATION:** 7

Management should ensure that credit card transactions are not reversed/refunded after the transaction has been processed and all refund requests be submitted to the County Auditor. 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):

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Commissioner Precinct 4 **AUDIT NO.:** _____
AUDIT: Sanitation Program Monthly
Fee Report for October 2021
through December 2023 **MANAGEMENT
RESPONSE DUE:** March 28, 2024
FINDING No.: 8 **RECOMMENDATION:** 8

Management should train staff regarding the proper procedures for voiding receipts. At a minimum, the procedures listed 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):

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Commissioner Precinct 4 **AUDIT NO.:** _____
AUDIT: Sanitation Program Monthly
Fee Report for October 2021
through December 2023 **MANAGEMENT
RESPONSE DUE:** March 28, 2024
FINDING No.: 9 **RECOMMENDATION:** 9

Management should ensure that cashiers verify that checks are properly completed.

Management Response (Choose One):

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

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

Specify Target Date of Remedial Action (if any):

Signature: _____ **Date:** _____



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

AUDITEE: Commissioner Precinct 4 **AUDIT NO.:** _____
AUDIT: Sanitation Program Monthly
Fee Report for October 2021
through December 2023 **MANAGEMENT
RESPONSE DUE:** March 28, 2024
FINDING No.: 10 **RECOMMENDATION:** 10

Management should develop and implement formal procedures to ensure that Monthly Fees Reports and applicable supporting documentation is submitted with the County Auditor's Office within five days after the last day of the 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):

Specify Target Date of Remedial Action (if any):

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



March 19, 2024

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

Re: *Monthly Fees Report* for October 2022 through December 2023

Dear Ms. Chapa:

We conducted a limited scope review of the *Monthly Fees Report* and supporting documentation for the months of October 2022 through December 2023 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 collected were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees require improvement. More specifically, we noted a shortage of \$0.45 and \$1.00 for May 24, 2023 and June 29, 2023, respectively.

Scope:

The scope of the review was limited to collections reported by your office on the *Monthly Fees Report* for the months of October 2022 through December 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the *Monthly Fees Report* and supporting documentation were submitted to the County Auditor's Office within 5 days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the *Monthly Fees Report* was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *Monthly Fees Report* by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified receipts were issued in sequential order.
- Verified that procedures for voiding receipts were properly followed.
- Reviewed *Cashier's Daily Close-out Reports/Daily Remittance Forms* (Close-out Reports) to determine if fees collected were properly accounted and deposited with the financial institution on or before the fifth business day after the day on which the funds were received pursuant to Local Government Code §113.022.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANCIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 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. YSMAEL FONSECA JUDGE, 476TH D.C.

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

Conclusion:

Based on the review, we concluded that fees collected were generally properly accounted and reported; however, the system of internal controls for the accounting and reporting of fees requires improvement. Total collections for the months of October 2022 through December 2023 were as follows:

Month	Amount	Month	Amount
22-Oct	\$ 771.50	23-Jun	\$ 836.25
22-Nov	\$ 705.00	23-Jul	\$ 692.75
22-Dec	\$ 536.75	23-Aug	\$ 1,052.25
23-Jan	\$ 907.00	23-Sep	\$ 744.50
23-Feb	\$ 803.25	23-Oct	\$ 863.25
23-Mar	\$ 1,083.25	23-Nov	\$ 754.75
23-Apr	\$ 891.25	23-Dec	\$ 517.00
23-May	\$ 1,132.50		

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

Observation 1:

On May 24, 2023 and June 29, 2023, shortages were recorded in the amounts of \$0.45 and \$1.00, respectively. The Law Library staff was unable to provide an explanation for the shortages.

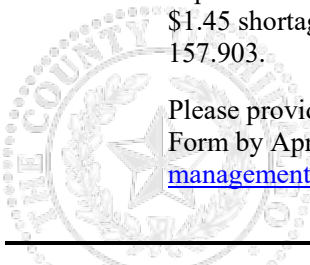
The County Auditor’s Office requires that all payments be promptly recorded and controlled using pre-numbered official County receipts. Cash receipts should be deposited intact on a daily basis. A county officer is personally liable for the loss of the funds (e.g., shortage, acceptance of counterfeit bill, hot check, credit card chargeback, etc.) while in his/her possession in the performance of official duties. All shortages must be replenished. Shortages should be monitored to determine if there is a pattern meriting further investigation, modification of collection procedures, retraining of personnel, or disciplinary action.

Failure to ensure that all payments received are properly collected, promptly received, and deposited cash receipts are deposited intact on a daily basis may result in the loss of County revenue.

Recommendation:

Management should ensure that all payments received are properly collected, promptly received, and deposited cash receipts are deposited intact on a daily basis. In addition, management should replenish the \$1.45 shortage or request indemnification from Commissioners Court pursuant to Local Government Code 157.903.

Please provide a management response to the observation noted above on the attached Management Response Form by April 3, 2024. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.



HIDALGO COUNTY DISTRICT JUDGES

Ms. Angie Chapa
March 19, 2024
Page 2 of 2

If you have any questions, please contact Alejandro Torres, at 318-2511 ext. 4644, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

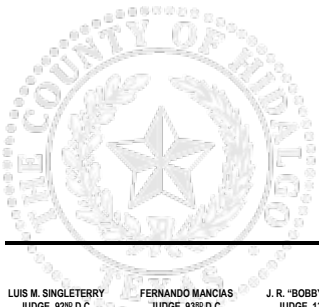
Respectfully,



Letty Chavez
County Auditor

Enclosure: Management Response Form

cc: The Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer



HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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COUNTY of HIDALGO

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



November 7, 2023

Mr. Anthony Uresti, Assistant Director
Hidalgo County Planning Department
2818 S. Business Hwy 281
Edinburg, Texas 78539

Re: *Monthly Fees Report* for January 2022 through July 2023

Dear Mr. Uresti:

We conducted a limited scope review of the *Monthly Fees Report* and supporting documentation for the months of January 2022 through July 2023 pursuant to Local Government Code §115.002 (a) and (b). The objective of the review was to determine if collections were properly accounted and reported. The purpose of this report is to furnish management independent, objective analyses, recommendations, and information concerning the area reviewed. The report should serve as a tool to help management discern and implement specific improvements.

Executive Summary:

Based on the review, we concluded that fees collected were generally properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the *Monthly Fees Report* for the months of January 2022 through July 2023. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

Methodology:

In conducting the review, the following procedures were performed:

- Verified that the *Monthly Fees Report* and supporting documentation was submitted to the County Auditor's Office within five days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the *Monthly Fees Report* was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *Monthly Fees Report* by footing and cross-footing the report.
- Reviewed receipts issued to determine if proper fee amounts were collected and reported.
- Verified that receipts were issued in sequential order.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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- Verified that procedures for voiding receipts were properly followed.
- Reviewed the *Revenue Detail Report by Account* generated from *Alio* to determine if fees collected were properly accounted and deposited with the financial institution on or before the fifth business day after the day on which the funds were received.
- Verified that the collections per the *Monthly Fees Report* agreed to: 1.) total receipts issued by the department; 2.) total deposits made with the financial institution; and 3.) total receipts issued by the County Treasurer.
- Verified that receipts and the *Monthly Fees Report* were properly completed.

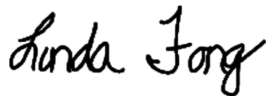
Conclusion:

Based on the review, we concluded that fees collected were generally properly accounted and reported. Collections for the months of January 2022 through July 2023 totaled the following:

2022		2023	
January	\$ 709,138.35	January	\$ 85,780.29
February	\$ 479,325.04	February	\$ 187,861.64
March	\$ 113,065.33	March	\$ 171,295.04
April	\$ 38,040.95	April	\$ 104,421.44
May	\$ 196,885.92	May	\$ 176,414.00
June	\$ 378,190.28	June	\$ 28,520.00
July	\$ 87,263.32	July	\$ 30,009.23
August	\$ 448,176.99		
September	\$ 184,527.14		
October	\$ 42,776.38		
November	\$ 143,779.65		
December	\$ 51,644.64		

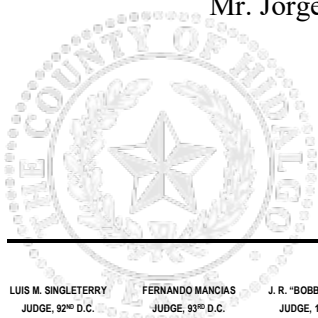
If you have any questions, please contact Francisco Saenz, Internal Auditor II, at 318-2511, ext. 4667, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651 or me at ext. 4668.

Respectfully,



Linda Fong, CPFO
 Interim County Auditor

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



HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO

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



November 6, 2023

The Honorable Toribio "Terry" Palacios, Criminal District Attorney
Hidalgo County Office of Criminal District Attorney
100 E. Cano, 2nd Floor
Edinburg, Texas 78539

Re: Hot Checks Processing Fees Report for January 2022 through September 2023

Dear Mr. Palacios:

We conducted a limited scope review of the Hot Checks Processing Fees Report (*Processing Fees Report*) and supporting documentation for the months of January 2022 through September 2023 pursuant to Local Government Code §115.002 (a) and (b). The objective of the review was to determine if collections were properly accounted and reported. The purpose of this report is to furnish management independent, objective analyses, recommendations, and information concerning the area reviewed. The report should serve as a tool to help management discern and implement specific improvements.

Executive Summary:

Based on the review, we concluded that collections were properly accounted and reported.

Scope:

The scope of the review was limited to collections reported by your office on the *Processing Fees Report* for the months of January 2022 through September 2023. 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 *Processing Fees Report* and supporting documentation were submitted to the County Auditor's Office within five days after the last day of the month pursuant to Local Government Code §114.001 (b).
- Verified that the *Processing Fees Report* was signed by an authorized signatory as documented on the "Authorized Signatories Form."
- Verified the mathematical accuracy of the *Processing Fees Report* by footing and cross-footing the report.
- Verified that the sequence of receipts and checks issued per the *Processing Fees Report* agreed to *Odyssey's DA Receipt Journal Report* and *Check Transaction Register Report*. In addition, verified that receipts and checks 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. 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. YSMAEL FONSECA JUDGE, 476th D.C.

- Verified collections and disbursements per the *Processing Fees Report* agreed to *Odyssey's Hot Checks Receipt Journal Report*.
- Verified that collections received from the Community Supervision and Corrections Department were receipted and included on the *Processing Fees Report*.
- Verified that the collections per the *Processing Fees Report* agreed to total receipts issued and the deposits made to the Hot Check bank account.
- Verified that the processing fees per the *Processing Fees Report* were remitted to the County Treasurer's Office in a timely manner.
- Verified that procedures for voiding receipts and checks were properly followed.
- Randomly selected receipts to determine if court costs were remitted to the applicable Justice of the Peace courts.
- Randomly selected receipts to determine if the restitution, processing fee, and merchant fee were properly collected and reported as required by Code of Criminal Procedures §102.007 and Business and Commerce Code §3.506 (b).

Conclusion:

Based on the review, we concluded that collections were properly accounted and reported. Collections for the months of January 2022 through September 2023 totaled the following:

2022		2023	
January	\$ 43,795.16	January	\$ 62,353.16
February	\$ 44,594.14	February	\$ 53,537.31
March	\$ 40,368.82	March	\$ 29,962.95
April	\$ 31,758.27	April	\$ 69,939.38
May	\$ 32,169.80	May	\$ 184,979.75
June	\$ 69,954.74	June	\$ 62,816.94
July	\$ 95,756.28	July	\$ 63,322.27
August	\$ 68,146.76	August	\$ 77,714.29
September	\$ 68,617.59	September	\$ 33,572.12
October	\$ 52,818.71		
November	\$ 57,248.08		
December	\$ 56,676.89		

If you have any questions, please contact Linda Vasquez, Internal Auditor II, at 318-2511 ext. 4694, Corina Martinez, Compliance Audit Supervisor, at ext. 4656, Reynaldo 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 Hidalgo County Auditor

cc: Honorable Richard Cortez, County Judge
 Valde Guerra, County Executive Office
 Rosalinda Cantu, Assistant Chief of Staff II, District Attorney's Office

HIDALGO COUNTY DISTRICT JUDGES

COUNTY of HIDALGO



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

November 17, 2023

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

Re: Texas Parks and Wildlife Financial Statements for March 2022 through December 2022

Dear Mr. Guajardo:

We conducted a limited scope review of the Texas Parks and Wildlife financial statements for the months of March 2022 through December 2022 pursuant to Local Government Code §112.006 (b), §115.001, §115.002 (b) and §115.901. The objective of the review was to obtain limited assurance that the financial statements are free from material misstatements.

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

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

If you have any questions, please contact Araceli A. Guillen, Internal Auditor III, at 318-2511 ext. 4649, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

Respectfully,

A handwritten signature in black ink that reads 'Linda Fong'.

Linda Fong, CPFO
Interim County Auditor

cc: Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Ms. Annette Muniz, Chief Deputy, Hidalgo County Clerk's Office

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92nd D.C. FERNANDO MANGIAS JUDGE, 93rd D.C. J. R. "BOBBY" FLORES JUDGE, 139th D.C. ROSE GUERRA REYNA JUDGE, 206th D.C. MARLA CUELLAR JUDGE, 275th D.C. MARIO E. RAMIREZ, JR. JUDGE, 332nd D.C. NOE GONZALEZ JUDGE, 370th D.C. OVERSEER LETICIA LOPEZ JUDGE, 389th D.C. L. KENO VASQUEZ JUDGE, 398th D.C. ISRAEL RAMON, JR. JUDGE, 430th D.C. RENEE R. BETANCOURT JUDGE, 449th D.C. JOSE "JOE" RAMIREZ JUDGE, 464th D.C. YSMAEL FONSECA JUDGE, 476th 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
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WEBSITE: www.co.hidalgo.tx.us/auditor



November 17, 2023

Honorable Lita Leo, County Treasurer
Hidalgo County Treasurer's Office
2810 South Business Highway 281
Edinburg, Texas 78539-6243

Re: Jury Script Financial Statements for January 2022 through December 2022

Dear Ms. Leo:

We conducted a limited scope review of the Jury Script financial statements for the months of January 2022 through December 2022 pursuant to Local Government Code §112.006 (b), §115.001, §115.002 (b) and §115.901. The objective of the review was to obtain limited assurance that the financial statements are free from material misstatements.

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

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

If you have any questions, please contact Edgar Escobedo Internal Auditor III, at 318-2511 ext. 4650, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668

Respectfully,

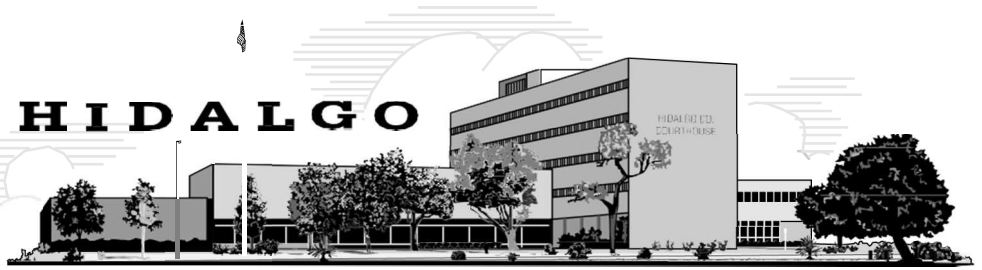
Linda Fong, CPFO
Interim County Auditor

cc: Honorable Richard Cortez, County Judge
Honorable Laura Hinojosa, Hidalgo County District Clerk
Valde Guerra, County Executive Officer
Alfredo Zamarripa, Chief Deputy, Hidalgo County Treasurer's Office

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92ND D.C. FERNANDO MANGIAS JUDGE, 93RD D.C. J. R. "BOBBY" FLORES JUDGE, 139TH D.C. ROSE GUERRA REYNA JUDGE, 206TH D.C. MARLA CUELLAR JUDGE, 275TH D.C. MARIO E. RAMIREZ, JR. JUDGE, 332ND D.C. NOE GONZALEZ JUDGE, 370TH D.C. OVERSEER LETICIA LOPEZ JUDGE, 389TH D.C. L. KENO VASQUEZ JUDGE, 398TH D.C. ISRAEL RAMON, JR. JUDGE, 430TH D.C. RENEE R. BETANCOURT JUDGE, 449TH D.C. JOSE "JOE" RAMIREZ JUDGE, 464TH D.C. YSMAEL FONSECA JUDGE, 476TH 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

November 30, 2023

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

Re: Cash Count Report No. 2022-576

Dear Mr. Villarreal:

We conducted a surprise cash count of the cash held at the Edinburg Tax Office on November 3, 2022, as required by Local Government Code §115.0035. The objective of the cash count was to determine if total cash on hand reconciled to the total receipts issued for the day up to the time of the cash count and the approved change fund.

Executive Summary:

Based on the review, we concluded that total cash on hand did not reconcile to the total receipts issued for the day up to the time of the cash count and the approved change fund (see Observation No. 1). In addition, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement. More specifically, we noted the following:

- Total cash on hand at the time of the cash count exceeded receipts issued;
- Mail-in payments were not safeguarded in a locked safe throughout the day; and
- Mail-in payments are not immediately restrictively endorsed "For Deposit Only"

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate your office's progress toward resolving the observations identified in the cash count conducted on October 29, 2019. The review was not designed nor intended to be a detailed study of every relevant control system, procedure, or transaction. Accordingly, the opportunities for improvement presented in this report may not be all-inclusive of areas where improvement could be made.

As part of the procedures, we verified that cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss from unauthorized use and that only authorized transactions were executed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during our walkthrough included but were not limited to the following: custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

HIDALGO COUNTY DISTRICT JUDGES

LUIS M. SINGLETERRY JUDGE, 92 ND D.C.	FERNANDO MANCIAS JUDGE, 93 RD D.C.	J. R. "BOBBY" FLORES JUDGE, 139 TH D.C.	ROSE GUERRA REYNA JUDGE, 206 TH D.C.	MARLA CUELLAR JUDGE, 275 TH D.C.	MARIO E. RAMIREZ, JR. JUDGE, 332 ND D.C.	NOE GONZALEZ JUDGE, 370 TH D.C. OVERSEER	LETICIA LOPEZ JUDGE, 389 TH D.C.	L. KENO VASQUEZ JUDGE, 398 TH D.C.	ISRAEL RAMON, JR. JUDGE, 430 TH D.C.	RENEE R. BETANCOURT JUDGE, 449 TH D.C.	JOSE "JOE" RAMIREZ JUDGE, 464 TH D.C.	YSMAEL FONSECA JUDGE, 476 TH D.C.
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Conclusion:

Total cash on hand at the time of the cash count totaled \$6,492,991.96. Based on the review, we concluded that total cash on hand did not reconcile to the total receipts issued for the day up to the time of the cash count and the approved change fund of \$5,600.00. In addition, we noted that improvements were not made toward resolving the prior year observation.

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

Observation No. 1:

Total cash on hand at the time of the cash count exceeded receipts issued by \$2,745,254.81 due to the following:

- 986 mail-in payments and bookkeeping checks (checks issued from the Tax General bank account) totaling \$2,600,083.35 were not receipted. The checks were receipted between November 3, 2022 and December 15, 2022.
- 39 mail-in payments for the Tax General totaling \$143,579.80 received between September 6, 2022 and November 2, 2022 had not been receipted since a tax account number had not been provided or the tax account did not have an outstanding balance. A return log provided by staff confirmed that the 39 mail-in payments were returned. However, the County Auditor's Office was not provided with a copy for 38 out of 39 letters sent to the constituents along with the checks.
- For 3 mail-in payments totaling \$1,381.99, we were not able to determine if a receipt was issued or the checks were returned to the sender. Supporting documentation was not provided by the Tax Office.
- \$0.22 overage for collections made on November 2, 2022.
- \$0.10 overage was located in the main till in the CIMA Cash Application Open System machine.
- A cashier net shortage for collections received on November 3, 2022 in the amount of \$9.35.
- A \$200 cash overage occurred on November 3, 2022 due to a cashier's oversight on receipting the entire payment received. A refund was issued to the taxpayer on November 9, 2022.

As per the Chief Accountant, the Tax Office usually sends back checks that cannot be processed within a month of receiving the payment; however, during October through January, the process takes longer.

The County Auditor's Office requires that all payments, including mail-in payments, be promptly recorded and controlled using pre-numbered official County receipts. Collections must be deposited on a daily basis, unless the amount collected is less than \$100.00. In addition, overages should be remitted to the County Treasurer's Office as miscellaneous revenue. If a payment discrepancy occurs (i.e. lack of tax account number, tax account paid in full, etc.), a pre-numbered manual Official County receipt should be issued. Once the discrepancy is resolved, an Official County receipt from the electronic receipting system should be issued and refund check issued, if applicable. In the alternative, the department may return the payment to the sender. If the department returns the payment, a log should be utilized to document the return of checks that includes: the name of the person/entity to whom the check is returned; return address; check date; check amount; date returned; and reason for return. A copy of all checks returned should be maintained on file. Payments that cannot be processed for any reason should be returned to the sender no later than two weeks from the date received.

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

Recommendation:

Management should ensure that all payments are promptly receipted and deposited. If payments cannot be processed, they should be mailed back to the sender in a timely manner. At a minimum, the procedures noted above should be implemented.

HIDALGO COUNTY DISTRICT JUDGES

Repeat Observation No. 1:

We noted that mail-in payments were not safeguarded in a locked safe; instead, the mail-in payments are placed on a bookshelf located in the "Collections Room" until a supervisor assigns them to a cashier to process. In addition, mail-in payments are not immediately restrictively endorsed "For Deposit Only." According to staff, mail-in payments are not taken from the bookshelf by anyone unless the payments are ready to be processed. At the end of the day any checks pending to be processed are stored in the safe overnight.

The County Auditor's Office requires that mail be opened on the same day it is received. If this is not possible, mail must be kept in a locked safe in a secure area overnight and opened the following business day. The following procedures should be followed when processing mail:

1. Mail should be opened by an employee who is not responsible for receipting or maintaining accounting records.
2. Immediately upon receipt, the person responsible for opening the mail must restrictively endorse all checks "For Deposit Only" to the credit of the County. Immediately limiting the negotiability of checks ensures that checks received can only be deposited into the County's bank account.
 - a. A check may not be restrictively endorsed if the payee line of the check is blank or made payable to another department, unless a supervisor has verified that the check is a proper payment to the department. If the payment is a proper payment to the department and the payee line of the check is blank, the department's name must be recorded on the payee line. If verification of proper payment is not possible, the check must be returned to the sender.
 - b. A check may not be restrictively endorsed if it is stale-dated. Stale-dated checks must be returned to the sender.

Failure to ensure that mail-in payments are safeguarded under lock and key and immediately restrictively endorsed "For Deposit Only" increases the risk that payments could be lost or misappropriated without detection.

Recommendation:

Management should ensure that mail-in payments are safeguarded under lock and key. In addition, management should ensure that mail in payments are immediately restrictively endorsed "For Deposit Only" to the credit of the County. At a minimum, the procedures noted above should be implemented.

Please provide a management response to the observations noted above by December 15, 2023. The Management Response Forms should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions regarding this cash count or would like to schedule a meeting to discuss this cash count, please contact Marissa Castillo, Internal Auditor IV, at (956) 318-2511, ext. 4650, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Reynaldo Cantu III, Director of Audit Division, at ext. 4654, Letty Chavez, First Assistant Auditor, at ext. 4651, or me at ext. 4668.

Respectfully,

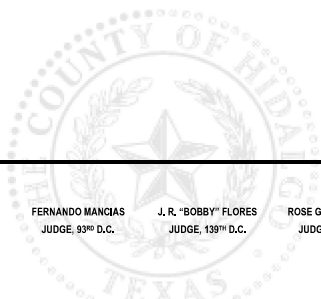


Linda Fong, CPFO
Interim County Auditor

Enclosures: Management Response Forms

cc: Honorable Richard Cortez, County Judge
Valde Guerra, County Executive Officer
Eva Mireles, Chief Deputy, Tax Office
Crystal Puente, Chief Accountant, Tax Office

HIDALGO COUNTY DISTRICT JUDGES



HIDALGO COUNTY DISTRICT JUDGES

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

AUDITEE: Edinburg Tax Office AUDIT NO.: 2022-576

AUDIT: Cash Count MANAGEMENT RESPONSE DUE: December 15, 2023

FINDING No.: Repeat 1 RECOMMENDATION: Repeat 1

Management should ensure that mail-in payments are safeguarded under lock and key. In addition, management should ensure that mail in payments are immediately restrictively endorsed "For Deposit Only" to the credit of the County. At a minimum, the procedures noted in the observation should be implemented.

Management Response (Choose One):

 AGREE TO TAKE REMEDIAL ACTION (Action Plan attached)

 AGREE TO ACCEPT RISK OF NOT TAKING REMEDIAL ACTION

 DISAGREE THAT RISK EXISTS (Specify below)

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

Specify Target Date of Remedial Action (if any):

Signature: _____ Date: _____

COUNTY of HIDALGO

HIDALGO COUNTY AUDITOR'S OFFICE
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WEBSITE: www.co.hidalgo.tx.us/auditor



April 10, 2024

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

Re: Cash Count Report No. 2023-589

Dear Mr. Villarreal:

We conducted a surprise cash count of the cash held at the Alamo Motor Vehicle Substation on July 17, 2023, as required by Local Government Code §115.0035. The objective of the cash count was to determine if total cash on hand reconciled to the total receipts issued up to the time of the cash count and the approved change fund.

Executive Summary:

Based on the cash count, we concluded that total cash on hand reconciled to the total receipts issued up to the time of the cash count and approved change fund. However, we noted that the system of internal controls for the collection and safeguarding of cash requires improvement. More specifically, we noted that the procedures for the Scofflaw Program have not been properly implemented.

Scope:

The scope of the review was limited to a count of the cash on hand as of the time of the cash count. We also conducted a follow-up review to evaluate your office's progress toward resolving the observation identified in the cash count conducted on November 29, 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.

As part of the procedures, we verified cash on hand agreed to the total receipts issued up to the time of the cash count. We also reviewed the internal control structure in order to verify that cash on hand was safeguarded against loss for unauthorized use and that only authorized transactions were completed, recorded, and reported in accordance with applicable laws and procedures. The internal controls reviewed during the audit included but were not limited to the following; custody of cash, use of locked cash drawers, proper authorization of voided transactions, and segregation of duties.

Conclusion:

Total cash on hand at the time of the cash count was \$4,371.25. Based on the review, we concluded that total cash on hand reconciled to the total receipts issued up to the time of the cash count, change order form (request for change from financial institution via armored company), and the approved change fund of \$4,000.00. However, the system of internal controls for the collection and safeguarding of cash still requires improvement as noted in the following observation.

The responsibility for establishing and maintaining a sound internal control system rests with management. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance

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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.

Repeat Observation No. 1:

We noted that staff does not request a copy of the Justice of the Peace or a Municipal Court official receipt to verify proof of payment when accepting Scofflaw Release Forms. According to the Supervisor, they were informed by management that as long as the customer presents a signed and sealed (approved) Scofflaw Release Form by the authorized representative of the court, employees are authorized to renew the registration.

On January 9, 2017, the County Auditor issued a letter to the Tax Assessor addressing the requirements that should be met prior to issuing a renewal of a motor vehicle registration. 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.

Failure to ensure that the official receipt is attached to the Scofflaw Release Form as proof of payment may result in an individual who has outstanding fees receiving a registration of a vehicle.

Recommendation:

Management should ensure that employees verify that a copy of the official receipt is attached to the Scofflaw Release Form as proof of payment of outstanding fines. Please refer to the January 9, 2017 letter issued by the County Auditor's Office for the minimum procedures to be implemented.

Please provide a management response to the observation noted by April 25, 2024. The Management Response Form should be emailed to managementresponse@auditor.co.hidalgo.tx.us.

If you have any questions or would like to schedule a meeting regarding this cash count, please contact Gricelda Quintero, Internal Auditor IV at (956) 318-2511, ext. 4643, Marissa Castillo, Revenue Audit Supervisor, at ext. 4650, Yvonne Torres, Director of Audit Division, at ext. 4642, Reynaldo Cantu III, First Assistant Auditor, at ext. 4654, or me at ext. 4651.

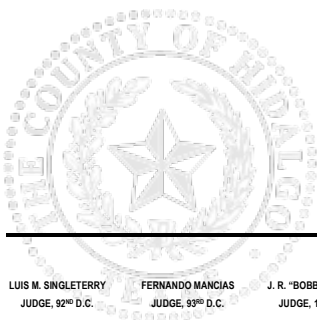
Respectfully,



Letty Chavez
County Auditor

Enclosure: Management Response Form

cc: The Honorable Richard Cortez, County Judge
Mr. Valde Guerra, County Executive Officer
Ms. Eva Mireles, Chief of Operations
Mr. Santos Castilleja, Division Manager, Motor Vehicle Division
Ms. Erika Gracia, Alamo Substation Supervisor



HIDALGO COUNTY DISTRICT JUDGES

