

HIDALGO COUNTY HEALTH AND HUMAN SERVICES
CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (the "Agreement") is made and entered into between Burton McCumber and Cortez, LLP ("CONTRACTOR") and the County of Hidalgo, by and through the Hidalgo County Health and Human Services ("COUNTY").

RECITALS:

WHEREAS, COUNTY has contracted with CONTRACTOR to provide certain services to COUNTY, up to and including services as described in EXHIBIT "A". The parties acknowledge that CONTRACTOR may incidentally or inadvertently encounter, view or access certain Confidential Information maintained by COUNTY which may qualify as Protected Health Information ("PHI") or electronic PHI within the meaning of the Health Insurance Portability and Accountability Act of 1996, as amended, and the privacy and security standards promulgated pursuant thereto ("HIPAA").

NOW, THEREFORE, in consideration of the mutual promises contained herein, as well as other good and valuable consideration, the parties hereto agree as follows:

1. "Confidential Information" means any and all non-public; medical, financial and personal information in whatever form (written, oral, visual or electronic) possessed or obtained by either party. Confidential Information shall include all information which (i) either party has labeled in writing as confidential, (ii) is identified at the time of disclosure as confidential, (iii) is commonly regarded as confidential in the health care industry, or (iv) is Protected Health Information as defined by HIPAA.
2. CONTRACTOR shall provide the services more fully described in EXHIBIT "A" to this Agreement. For its services, CONTRACTOR shall receive from COUNTY compensation as agreed to in a separate contractual agreement.
3. It is agreed that there shall not be any employer/employee relationship between the parties. CONTRACTOR is free to engage in any other employment of his or her selection. It is further agreed that CONTRACTOR is not an agent of COUNTY.
4. CONTRACTOR acknowledges that it may view or obtain access to Confidential Information for the limited purpose of providing the services in Exhibit "A", and shall not otherwise attempt to obtain access to unrelated Confidential Information.
5. CONTRACTOR agrees to maintain the confidentiality of any Confidential Information, including Protected Health Information that it may incidentally or inadvertently encounter, view or have access to while providing the services under the terms and conditions set forth in this Agreement.
6. CONTRACTOR agrees not to further use or disclose any Confidential Information, including Protected Health Information that it incidentally or inadvertently views or obtains access to and further agrees to implement appropriate safeguards to prevent any

further use or disclosure of any Confidential Information that is incidentally or inadvertently accessed.

7. CONTRACTOR agrees to cooperate with COUNTY and perform such activities as it may from time to time direct, in order to mitigate any harmful effects as a result of a wrongful use or disclosure of Confidential Information by CONTRACTOR.
8. CONTRACTOR agrees to report to the COUNTY any use or disclosure of Confidential Information in violation of this Agreement, HIPAA or any other federal, state or local law or regulation.
9. CONTRACTOR agrees to comply with all applicable laws and regulations, including HIPAA and the HITECH Act, to the extent applicable, in meeting their obligations under this Agreement.
10. The obligations of confidentiality and non-use and non-disclosure under this Agreement will continue indefinitely from the effective date of this Agreement.

In witness whereof, the parties have executed this Confidentiality Agreement on the 23 day of

JULY, 2015.

CONTRACTOR: BARTOLO MCCUMBER & COMPANY, LLP
By: _____
Its: PARTNER

HIDALGO COUNTY
HEALTH AND HUMAN SERVICES
By: Ramon Garcia
Its: County Judge

APPROVED AS TO FORM:

HIDALGO COUNTY DISTRICT ATTORNEY'S OFFICE

BY: Victoria M. Garcia for
Josephine Ramirez Solis

APPROVED BY
COMMISSIONERS' COURT
ON: 7/28/15

ATTEST:

Arturo Guajardo, Jr.
Arturo Guajardo, Jr., County Clerk

EXHIBIT "A"

Burton McCumber and Cortez, LLP C-11-160-02-14



Burton McCumber & Cortez, L.L.P.
Certified Public Accountants & Management Consultants

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McAllen, Texas 78501
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Facsimile 956/618-2333
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Offices In:
Brownsville
McAllen
Matamoros
Reynosa

C-11-160-02-14

January 30, 2012

County of Hidalgo, Texas
The Honorable Judge Ramon Garcia
and Commissioners
2812 S. Business Hwy 281
Edinburg, Texas 78542

We are pleased to confirm our understanding of the services we are to provide to the County of Hidalgo, Texas (County) for the years ended December 31, 2011 and 2012 and at the County's option for the years ended December 31, 2013 and 2014 as set forth in the County's RFQ No. 2011-160-12-28-SMA.

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of the County as of and for the years ended December 31, 2011 and 2012 and at the County's option for the years ended December 31, 2013 and 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the County's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the County's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies the County's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole and included as part of the County's Comprehensive Annual Financial Report:

- 1) Schedule of Expenditure of Federal and State Awards
- 2) Combining and Individual Nonmajor Fund Financial Statements and Schedules
- 3) Related Agency Financial Statements
- 4) Budgetary Comparison Schedules

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will not provide an opinion or any assurance.

- 1) Introductory Section
- 2) Statistical Section

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others.

In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review no later than March 8. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the County's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the County's major programs. The purpose of these procedures will be to express an opinion on the County's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash and other confirmations we request, will locate and organize invoices and information selected by us for testing. Also, you will assist in the copy of any pertinent information necessary for our files and will assist in the preparation of select audit schedules as required. To the extent that any of the information necessary for us to complete our audit is not submitted to us timely, you understand that such delays could cause delays in the overall completion of the audit.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Burton, McCumber & Cortez, and LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the County's cognizant agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Burton, McCumber & Cortez, and LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release or for any additional period requested by the County's cognizant agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party (ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Ricky Longoria is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our estimates of the fees to complete the audit for each of the years for which are engaged are set forth below.

	<u>2011</u>	<u>2012</u>
County of Hidalgo	\$144,000	\$144,000
Head Start Program	\$34,000	\$34,000
Community Service	\$18,000	\$18,000
Urban County Program	\$25,000	\$25,000

Should the County exercise its option to extend our services for the years 2013 and 2014, we would propose that the fees for those years be the same as those listed above.

Our estimated fees for the years described above assume that there will be no significant changes to the operation of the County, Agencies or Departments, professional standards pertaining to accounting or auditing matters or unforeseeable events. If significant changes are noted, we will meet with management and discuss these changes and we will derive a new fee estimate for your consideration and approval.

Our invoices for these fees will be rendered each month as work progresses and are payable within 30 days after receipt of the invoice by you. In accordance with our firm policies, work may be suspended if your account becomes 45 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate based on the hourly rates listed below.

<u>Experience Level</u>	<u>Hourly Rate</u>
Partner	\$ 250
Manager	\$ 165
Supervisor/In-Charge	\$ 110
Staff	\$ 75

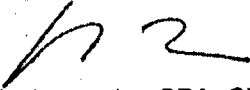
Our audit engagement ends on delivery of our audit report for any one year. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service. Accordingly, this engagement includes only those services specifically described in this letter. Costs and time spent on legal matters or proceedings arising from our engagement, such as subpoenas, testimony or consultation involving private litigation, arbitration or government regulatory inquiries at your request or by subpoena, will be billed separately.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. A copy of our peer review was included in our response to the County's Request for Qualifications pertaining to this engagement. In addition, a copy of our peer review can be read on-line at www.aicpa.org.

We appreciate the opportunity to be of service to the County and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

BURTON MCCUMBER & CORTEZ, LLP



Ricky Longoria - CPA, CFE
Partner

The foregoing letter fully described our understanding and is accepted by us.

Witness our hands in duplicate originals this _____ day of _____, 2012.

County of Hidalgo, Texas

By Ramon Garcia
Ramon Garcia, County Judge

Date

ATTEST: Rafael Benjardo Jr.

County Clerk

Approved by Commissioners' Court
on 2/14/12 *RC*

Approved as to Form:

By: Atty. J.H.H., 117
SHH
