

TOWN OF RANCHO VIEJO

COMMENTS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES

FOR THE YEAR ENDED
SEPTEMBER 30, 2020



Cascos & Associates, PC

Certified Public Accountants
Audit/Accounting/Tax/Consulting

April 13, 2021

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Rancho Viejo, Texas

We have audited the financial statements of the Town of Rancho Viejo, for the year ended September 30, 2020, and have issued our report thereon dated April 13, 2021. We considered the internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that, while not involving material weaknesses in internal accounting control, are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report, dated April 13, 2021, on the financial statements of the Town of Rancho Viejo.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Yours truly,

A handwritten signature in blue ink that reads 'Cascos & Associates, PC'.

Cascos & Associates, PC
Brownsville, Texas

**TOWN OF RANCHO VIEJO
COMMENTS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

CURRENT YEAR COMMENTS

ENCUMBRANCES

Comment:

In order to encumber funds from the annual budget for a particular fiscal year, a commitment must be made in the form of a binding contractual obligation to purchase goods or services from that fiscal year's budget appropriation. During our testing of cash disbursements, we found no purchase orders for all transactions selected for testing.

Recommendation:

We recommend the Town adhere to the new policy implemented at the end of fiscal year 2020 to ensure the proper encumbrances of funds for the annual budget of a particular fiscal year.

Management's Response:

Purchasing policy was approved in September 2020.

CASH RECEIPTS

Comment:

During our cash receipts testing, we found 8 instances where cash receipts were not deposited on a daily nor weekly basis. The risk of loss to the Town is increased when cash receipts are held in departments for extended periods of time before deposit.

Recommendation:

We recommend the Town to implement a process that ensures cash receipts are deposited in a timely manner.

Management's Response:

One instance was due to a returned check for insufficient funds while the other instances were due to an employee being out due to COVID.

PRIOR YEAR COMMENTS

ENCUMBRANCES

Comment:

In order to encumber funds from the annual budget for a particular fiscal year, a commitment must be made in the form of a binding contractual obligation to purchase goods or services from that fiscal year's budget appropriation. During our testing of cash disbursements test we found no purchase order are in place for the purchase of goods or services.

Current Status:

See current year comment.

CASH RECEIPTS

Comment:

During our cash receipts testing, we found 10 instances where cash receipts were not deposited on a daily nor weekly basis. The risk of loss to the Town is increased when cash receipts are held in departments for extended periods of time before deposit.

Current Status:

See current year comment.

We appreciate the opportunity to be of service to the Town of Rancho Viejo. If you should have any questions or require further information, please do not hesitate to call.