COLLIN COUNTY

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Date: March 14, 2011

To: Mr. Kenneth Maun, Tax Assessor/Collector

From: Jeff May, County Auditor

Subject: First, Second, and Third Quarters FY10 Audit Results - Final

An entrance conference was conducted with you on July 7, 2010 to start an examination of the books and records for the County Auditor quarterly requirements. The audit objectives were to confirm county property and cash receipts were promptly accounted for, accurately recorded, safeguarded, and disbursed properly.

The time period reviewed was October 1, 2009 through June 30, 2010. The scope of the audit included a cash count at the McKinney, Plano and Frisco locations; an examination of deposits, disbursements, bank statements and bank reconciliations; investments; prior audit issues; and a fixed asset inventory.

During the review, we identified certain practices and procedures we believe could be enhanced to strengthen internal controls and increase efficiencies. The review was not intended to be a comprehensive examination of every procedure or activity. Accordingly, the findings and recommendations presented in this report should not be considered as all-inclusive of areas where improvements may be needed.

The Tax Assessor/Collector's personnel were extremely helpful and courteous in assisting with the quarterly review. An exit conference was held with you and your supervisors on September 21, 2010.

Please feel free to contact us with any questions or desired assistance

Receipts

Property

Verified receipts are written promptly and properly documented.

Findings:

- On February 11, 2010 there was a manual receipt for $100 that took five days for the deposit to reach the bank.
- Manual receipt log book #11343 (Plano/Property) had one (1) voided manual receipt with no white copy of the receipt attached and three (3) receipts that were not properly voided with void across the receipts. Manual receipt log book # 11394 (Plano/Property) had one (1) manual receipt that was not properly voided with void across the receipt. Manual receipt log book # 11395 (Frisco/Property) had five (5) voided manual receipts with no white copies of the receipts attached and one (1) manual receipt that was not properly voided with void across the receipt.

Recommendations:

- Ensure that deposits are made on a timely basis and verify what fund the deposit is for, before depositing into the bank.
- Properly void manual receipts by writing void across the face of the receipt, the reason for the void and retain all three copies of the receipt.

Response:

- The $100 deposit was for Windmill Estates Road Assessment which is not a levy payment. On February 11th we were winding up posting current year levy which is the priority. Road Assessment receipts are disbursed to the County only once per month on the Fee & Commission Report. On February 11th, it was not a priority.
- It is the individual supervisor's responsibility for making sure that all manual receipts are complete or voided properly. This has been covered with them.

Motor Vehicle

Verified receipts are deposited or written promptly and documented. We examined a sample of five thousand five hundred twenty (5520) receipts.

Findings:

- There was one discrepancy found between the transaction summary and the deposit slip. On February 18, 2010 McKinney cashier #000 reported a transaction summary of $0 cash and $4,840.35 checks, totaling $4,840.35. The deposit slip reported $1 cash and $4,839.35 checks, totaling $4,840.35.
- There were 5 receipts that were not properly retained for verification.

Recommendations:

- Ensure deposit is made for correct amount before deposit is entered into the bank account; and if there is a difference, retain proper documentation concerning the difference.
- Retain the proper documentation for verification.

Response:

- There was no discrepancy with the amount of the deposit going to the bank. There was a data entry error in that the payment was recorded in RTS as a check when in reality it should have been listed as a check for $4839.35 and cash for $1.
- All clerks know to include the county receipts in with their work. Receipts are pulled for working error reports and not always copied and put back. This is an issue that continues to be covered with all the Motor Vehicle supervisors.

Disbursements:

Highway Account Disbursements

Verified disbursements are made timely and according to contract requirements and that refunds are made and properly documented.

Finding:

There was one (1) voided check with the signature block not removed.

Recommendation:

All voided checks need to have the signature blocks removed.

Response:

Our voided checks are stamped in large letters "VOID" and retained with the check stubs. We do not take the time to use scissors to cut out a signature block in the middle of the check forms.

Overage/Shortage

Findings:

- The Tax Assessor/Collector's Office is not following the Cash Over/Short Policy (court order #2003-960-11-24), which states, "Daily shortages of less than $5 per individual cash drawer may be covered by department overages. The loss and the request for coverage of the shortage must be included as a finding in the Auditor's audit reports and must be approved by Commissioners Court." The Tax Assessor/Collector's Office is taking the total daily shortage amount, regardless of the amount, and netting it against the total daily overage amount. The Tax Assessor's total over/short calculation for October 2009 through June 2010 was $12,185.38. The Auditor's Office over/short calculation for the same time period was $14,729.12. The difference was $2,543.74.

- The Tax Assessor/Collector's Office is not following the Cash Over/Short Policy (court order #2003-960-11-24), which states, "Any single shortage of $100 or more must be reported to the Auditor's Office immediately. Any combined daily shortage over $250 must be reported immediately to the Auditor and in writing to the District Attorney. Coverage of daily individual shortages exceeding $100 or combined of over $250 must be submitted to Commissioners Court for consideration of disposition." We reviewed the documents on overages and shortage in the Motor Vehicle Section and found there were three individual shortages; one for $100 on February 23, 2010 for cashier #334/WF; one for $300 on April 6, 2010 for cashier # 301/MD; one for $100 on May 20, 2010 for cashier # 338/SU. In addition to the three shortages there was one overage of $100 on April 13, 2010 for cashier #315.

Recommendations:

- The Tax Assessor/Collector should remit $2,543.74 to Collin County Treasury.
- In the future a single shortage of $100 or more must be reported to the Auditor's Office immediately and a single shortage of $250 or more must be reported to the Auditor's Office and in writing to the District Attorney.

Response:

- At the exit interview we requested a copy of the spreadsheet showing these calculations as we were told that Auditors had made some changes in the way they did the calculations. We have not received that spreadsheet.

- The three shortages were in separate months, by different employees, and from two of the offices. There was also a $100 overage in April, not related to the shortages. In each case the correct overage/shortage form was completed by the employee and the situation was reviewed by the supervisor and the accounting staff. These shortages were handled correctly in our office. After all of our reviews we were unable to correct the shortages, or the overage. We work to keep a good relationship with our employees and want an accurate reporting of overages and shortages from all tax office employees. If there had been a question about fraud, theft, or any questionable irregularity, we would have immediately notified the Sheriff's office in accordance with the Tax Assessor Collector policy. These overage/shortage forms are completed in all cases of overages and shortages on motor vehicle transactions by drawer. They are identifiable, listed, and shown to the auditor staff. If these shortages are the basic question for a nine month period, where we have processed transactions for a half a billion per year, we must be doing a pretty good job. We continue to train, and work for accuracy and correct balancing of all transactions, but also understand that there will be some problems.

Subcontractor & Dealer

We visited Albertsons stores #4101, #4123, #4239; Tom Thumb stores #554, #568, #570, #573, #579, #581, #582, #595, #641, #645, #1788; and Fiesta store #59 to verify the paper stock for the printing of windshield stickers and equipment inventory.

We visited Bob Tedford Chevrolet, Classic BMW, Stonebriar Chevrolet, Dodge City of McKinney, Bob Tomes Ford, Honda Cars of McKinney, Patt Lobb Toyota, Nissan of McKinney and Lonestar/Eldorado Chevrolet to verify the paper stock for the printing of windshield stickers, paper stock of Form 31, plate stock and equipment inventory.

Findings:

The following dealerships and subcontractors had incorrectly labeled state issued equipment:

	Reported Tags		**Actual Tags**	
Location	**Laptop DMV#**	**Laptop SN#**	**Laptop DMV#**	**Laptop SN#**
Stonebriar Chevrolet	004788	KM0315Z	004878	KM0309Z
Tom Thumb #582	657349		004791	
Tom Thumb #581	657341		004783	
Tom Thumb #579	657328	KM0311T	004805	KM0316W
Stonebriar Chevrolet	004760	CNDJ34981	004864	CNDJB69715
Tom Thumb #582	656594		004768	
Albertsons #4123	656358		004765	
Tom Thumb #581	653527		004745	
Tom Thumb #579	653529		004747	
Tom Thumb #595	653495		004737	

Recommendations:

Correctly label the state issued equipment.

Response

I have reviewed the auditor's report listing the incorrect numbers on our equipment.

I believe the second listing is for printers rather than laptops as shown on the heading. Stonebriar, TT579, and TT582 are listed twice, so I checked both laptop and printers for these stores.

All of the numbers appear to be the correct serial number with the old MES number. The state changed all the MES numbers to DMV numbers when they changed from TXDOT to DMV. The listing on our spreadsheet was still the old number. I am not sure why they have not been changed since it was done before I started working in this position. RESOLUTION: I have contacted the state. They are sending me a list of the updated numbers for our equipment. They will also send me a new sticker to put on any equipment that has not been updated.

TT579 was listed wrong on our spreadsheet. The number listed on my spreadsheet had been salvaged and a new laptop issued. RESOLUTION: I have made that correction on our spreadsheet.