



# COLLIN COUNTY

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Date: February 28, 2012  
To: Mr. Kenneth Maun, Tax Assessor/Collector  
From: Jeff May, County Auditor   
Subject: First and Second Quarters FY11 Audit Result – Final

Internal Audit began an examination of the Tax Assessor/Collector's financial books and records on April 20, 2011 in accordance with Texas Local Government Code §115.002. This review was limited to the Property and Beer & Wine divisions. The audit objectives were to provide reasonable assurance receipts and disbursements were promptly accounted for, accurately recorded and properly disbursed, and the internal controls were sufficient to protect County assets.

This review covered the period between October 1, 2010 and March 31, 2011. The audit procedures included a cash count, a test of deposits and receipts, a verification of disbursements, a review of the fee schedule and an examination of other financial aspects of your office.

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

Your office personnel were extremely helpful and courteous in assisting with this review. An exit conference was held with you on July 29, 2011.

Please feel free to contact us with any questions you may have.

## **Cash Drawer**

### **Finding:**

A cashier at the McKinney location accepted and issued a receipt for a check that was not signed by the customer.

### **Recommendation:**

The receiving clerk should make sure that checks are properly prepared, including the signature, prior to acceptance.

### **Response:**

This is standard procedure for all clerks to verify that checks are complete.

## **Receipts**

### **Property Tax**

#### **Findings:**

- 1) Of one-hundred seventy four manual receipts sampled we found that:
  - a) The Tax Office did not keep all copies of seven different voided receipts with the receipt book. The white originals and the yellow copies were missing, and only the pink copies remained
  - b) The Tax Office did not document the reason why they voided seventeen receipts in the sample or reference a replacement for these receipts.

#### **Recommendations:**

- 1) The Tax Office should set up procedures for the voiding of manual receipts that includes the following requirements:
  - a) All copies of manual receipts should be kept with the receipt book to ensure that voided receipts are not issued to customers.
  - b) The reason for voiding a receipt should be properly documented on the face of the voided receipt. If applicable, a reference to a replacement receipt should also be made.

#### **Response:**

- a) All supervisors are aware that they are to check the manual receipt books before turning in when completed to make sure that all copies are included.
- b) This is an item that had not previously been addressed with the supervisors, but has been now and should be handled appropriately in the future.

## **Disbursements:**

### **General Account Disbursements**

#### **Finding:**

During March 2011 there were forty-nine voided checks without the signature block removed, check numbers 107850 – 107898.

#### **Recommendation:**

Voided checks should be marked in ink with the word “VOID” and the signature block cut out.

Adding the additional step of removing the signature block from voided and canceled checks will decrease the risk of loss of funds to the agency, the County, and the taxpayers. This will strengthen controls and will further ensure that canceled checks are not reused or resubmitted to the bank for payment.

#### **Response:**

This has been addressed in previous audits. When a complete batch of checks (usually 45-55 checks) has a problem and has to be voided, we send the check stock back through the printer and print in very large letters VOID all over the paper. Since the signature block is in the middle of the page, we will not take the time to use scissors and cut the signature block out of each page of paper. Each time this has been reported, the voided checks were always in order, stamped void and bundled in order with all the rest of the check stubs for that month.