



COLLIN COUNTY

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Date: February 29, 2012
To: Mr. Kenneth Maun, Tax Assessor/Collector
From: Jeff May, County Auditor 
Subject: Fourth Quarter FY10 Audit Results – Final

An entrance conference was conducted with you on December 8, 2010 to start an examination of the books and records for the County Auditor quarterly requirements. The audit objectives were to confirm county property, receipts and disbursements were promptly accounted for, accurately recorded, safeguarded, and disbursed properly.

The time period reviewed was July 1, 2010 through September 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 and prior audit issues.

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 March 29, 2011.

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

Cash Drawer

Findings:

- 1) Commingling of Cash Drawer:
 - During the cash count at the Frisco Tax Office we discovered that when one of the clerks relieved another, the relieving clerk was not changing the cash box in the drawer but using the cash box of the person that they were relieving. This is not recommended because the money received by both clerks will be commingled. If a discrepancy occurs it would be difficult to determine responsibility.
- 2) Unsigned check:
 - While conducting McKinney Property Tax cash count an unsigned check was discovered in batch #201012087187.

Recommendations:

- 1) When one clerk relieves another, the relieving clerk should use their own cash box.
- 2) All checks received at the front counter should be checked for signatures.

Response:

Both of these recommendations are a part of our processing procedures. This will be covered again as an audit finding with the supervisors.

Receipts

Motor Vehicle

Findings:

- 1) Four (4) discrepancies with the payment tender type were identified between the transaction summary and the deposit slip:

Date	Location	Cashier	Transaction Summary	Deposit Slip	
7/6/10	Frisco	001	1335.31	1329.01	Cash
			<u>2438.71</u>	<u>2445.01</u>	Check
			\$3,774.02	\$3,774.02	Total
7/2/10	Plano	337	1811.84	1805.54	Cash
			<u>3309.49</u>	<u>3315.79</u>	Check
			\$5,121.33	\$5,121.33	Total
7/29/10	McKinney	316	2566.50	2306.70	Cash
			<u>4688.79</u>	<u>4948.59</u>	Check
			\$7,255.29	\$7,255.29	Total
8/18/10	McKinney	304	2257.15	2377.96	Cash
			<u>4375.13</u>	<u>4254.32</u>	Check
			\$6,632.28	\$6,632.28	Total

- 2) Late deposits were identified; on August 16, 2010, two (2) deposits were not deposited into the bank until 3 days later.

Recommendations:

- 1) Clerks should ensure proper tender type is selected when completing transactions.
- 2) Ensure deposits are sent to the bank in a timely manner.

Response:

1) It was discussed with the auditor that this is not necessarily an issue with the clerks. The state's computer system treats any change due as a cash item and will reflect a difference in the check amount and the cash amount on the close outs. It is a system issue and cannot be avoided. If the overall deposit is correct, we do not record differences between check and cash. When the deposits arrive at the bank in Allen, the cash is balanced and if there is a discrepancy, the Financial Operations Supervisor is immediately called.

2) Deposits are made in a timely manner. Because of security in using an armored carrier, we are tied into their schedule. If there is any problem with balancing a workstation and it is past time for pick up, the deposit will be delayed one day. If one considers the huge volume of deposits made by the Tax Office daily, two deposits is a minor variance. Having only two delays in deposits should be considered as a compliment to the timely processing of deposits and control of funds by the office.

Overage/Shortage

Finding:

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 calculation for the net of overages and shortages for the fourth quarter of 2010 was \$1,735.23.

No request has been made by the Tax Office to Commissioner's Court to cover the total amount that is short by the total overage. It is the responsibility of the Tax Assessor to cover any amount short and to remit that money to the County. Any overages are also required to be remitted to the County. Accordingly, the Auditor's calculation for the amount due to the County takes the total amount over and *adds* to it the total amount short. The Auditor's over/short calculation for the same time period was \$2,977.52.

The total difference between the two calculations comes to \$1,242.29 (see below).

<u>Tax Assessor Calculation</u>		<u>Auditor's Calculation</u>	
Overage	\$ 1,106.02	Overage	\$ 984.18
RTS Overage	\$ 1,388.84	RTS Overage	\$ 1,388.84
Total Overage	\$ 2,494.86	Total Overage	\$ 2,373.02
Shortage	\$ (759.63)	Shortage	\$ 604.50
Net of Overages		Total of Overages	
Less Shortages	\$ 1,735.23	Plus Shortages	\$ 2,977.52
Auditor's Total of Overages Plus Shortages		\$	2,977.52
Tax Assessor Net Overages Less Shortages		\$	1,735.23
Difference		\$	1,242.29

The current Cash Over/Short Policy approved by Collin County Commissioners under court order number 2003-960-11-24, is currently being reviewed for possible changes and/or updates.

Recommendation:

The Tax Assessor/Collector should remit \$1,242.29 to Collin County Treasury.

Response:

This is the same finding with the same response as every audit made for the Tax Office. Our overages and shortages are always netted and the County receives the additional funds every month. The Tax Office is working to recommend changes to the current Cash Over/Short Policy that will be both practical and comply with state law.