



# COLLIN COUNTY

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Date: January 29, 2013  
To: Mr. Kenneth Maun, Tax Assessor/Collector  
From: Jeff May, County Auditor   
Subject: Third Quarter FY11 Audit Result – Final

An examination of the Tax Assessor/Collector financial books and records was conducted in accordance with Texas Local Government Code §115.002. This review focused on the Motor Vehicle division and Property Tax receipts. The audit objectives were to provide reasonable assurance receipts 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 April 1, 2011 and June 30, 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, certain practices and procedures were identified that 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.

Tax office personnel were extremely helpful and courteous in assisting with this review. An exit conference was held to discuss this report.

A written response to the report recommendations should be returned to me and Shela Vinson, Audit Manager, within ten (10) business days after receipt. If all recommendations will be implemented as stated, please respond with a statement to that effect; otherwise, please respond as to why and how the finding(s) will be corrected. You may reply via email or hard copy.

Please feel free to contact this office with any questions.

## **Cash Drawer**

### **Findings:**

- 1) Of the 85 drawers verified, 3 separate drawers were over (net of over/short is \$7.00):
  - McKinney #301-1 Change fund drawer was over by \$1.00
  - McKinney #303-2 Change fund drawer was over by \$1.00
  - Plano #334-B Change fund drawer was over by \$5.00
  
- 2) Of the 85 drawers verified, there were 2 separate drawers where the cash/check amount did not match the current status report. These were clerical errors made when the transaction occurred:
  - Plano # 333-B checks and cash counted do not equal checks and cash reported on the current status report. Cash was over by \$75.00 and checks were short by \$75.00
  - Plano # 330-B checks and cash do not equal the checks and cash reported on the current status report. Cash was over by \$65.25 and checks were short by \$65.25

### **Recommendations:**

- 1) At the end of the shift or at the close of the business day, an explanation should be given for any overage and/or shortage.

Clerk supervisors should keep track of daily cashier accuracy to identify and document any unusual activity.

- 2) At the end of the shift or at the close of the business day, check and cash detail should be verified by the cashier. These amounts should also be verified by the supervisor in charge of preparing the daily deposits.

### **Response:**

No response was received

## **Receipts**

### **Finding:**

**Motor Vehicle Voided RTS Receipts:** Of the 32 voided receipts sampled, 7 voided receipts did not have a supervisor's signature as proof of review and approval. Four of these voided transactions occurred in McKinney, and three occurred in Frisco

### **Recommendation:**

- 1) Voided receipts should be reviewed to verify if properly done and if justification exists for the voids.

A supervisor's signature should be required on all voided receipts to document proper review and approval.

**Response:**

No response was received

## **Disbursements**

**Findings:**

- 1) The payment of \$3,141,105.28 for commission from Sales Tax/Texas Emissions Reduction Plan Surcharge (TERP) received in May 2011 was not included in the amount reported on the Collin County Fee & Commission Report for May 2011 under Sales Tax Collections/Road Mileage Fees. The Fee & Commission Report for May 2011 recorded \$199,878.56 under Sales Tax Collections/Road Mileage Fees and the actual amount should have been \$3,340,983.84.

**Recommendations:**

- 1) Payments made to Collin County Treasury should be reported correctly on the Monthly Fee & Commission Report.

Care should be taken to ensure that all financial reports created by the office accurately represent financial activity for the time period represented. During the month of May the Sales & Use Tax Report should be reviewed & the commission should be added to the County Fee & Commission Report. If the Sales & Use Tax Commission is omitted then the report should be amended and redistributed.

**Note:**

The commission from Sales Tax/Texas Emissions Reduction Plan Surcharge received in May 2011, in the amount of \$3,141,105.28 was included on the Fee & Commission Report for September 2011.

**Response:**

Not Required

## **Dealers**

**Findings:**

- 1) Contracts between the Tax Assessor/Collector and various automotive dealers were reviewed. These contracts authorize the dealer to act as an agent to provide Title Application/Motor Vehicle Sales Tax Receipts, and Vehicle Registration in accordance with the Transportation Code, Sections 502.112;

502.113; 502.114. These contracts require bonding to ensure liability for the equipment and title/registration documentation.

Of the 39 contracts and bonds reviewed, 9 bonds did not have the same dealer name as the corresponding contracts.

- 2) Bond Certificates of Continuation were also reviewed to verify the bond's contract was effective. Of the 39 dealer bonds reviewed, 10 bonds did not have a current Certificate of Continuation in the bond binder and 6 bonds had expired dates.

**Recommendations:**

- 1) The dealer's name on the surety bond should be the same as the dealer's name on the contract. An addendum or rider to the original contract should be added to record the dealer's name as it is stated on the surety bond.
- 2) The Bond Certificates of Continuation should be reviewed periodically to ensure they are updated with current dates and are effective bonds.

A review process should be set up to ensure surety bonds contain accurate information.

**Response:**

No response was received

## **Subcontractors**

**Findings:**

- 1) The Bond Certificates of Continuation were reviewed to verify the bonds for the Subcontractor were effective bonds. Of the 4 Subcontractors reviewed, 3 Subcontractors did not have a current Certificate of Continuation in the subcontractors' bond binder.

**Recommendation:**

- 1) The Bonds Certificates of Continuation should be reviewed periodically to ensure they are updated with current dates and are effective bonds.

A review process should be set up to ensure surety bonds contain accurate information.

**Response:**

No response was received