



Audit Report
TAX ASSESSOR / COLLECTOR
JANUARY 1, 2012 – SEPTEMBER 30, 2012
Status: Final

For action:

Kenneth Maun Tax Assessor

For information:

Jeff May County Auditor
Shela Vinson Second Assistant Auditor

Audit Report
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Report Summary

As part of the 2012 Compliance Audit Plan, an audit of the Tax Assessor / Collector was conducted in accordance with Texas Local Government Code §115.002.

The overall objective of the audit was to provide assurance that internal controls are in place to ensure:

- The officer has collected all the money they are obligated to collect
- The money collected was properly remitted to the appropriate party
- All funds are properly managed
- All money is properly accounted for, accurately reported, and adequately safeguarded
- The operations of the office conform to prescribed procedures
- Exposure to potential risk is minimized

The audit scope included an audit of banking, cash receipts and internal controls. The time period audited was January 1, 2012 through September 30, 2012.

Refer to the Observations and Recommendations section, as well as the Appendix for the results of the audit.

This review was not intended to provide absolute assurance on all procedures, activities, or controls. We will continue to examine aspects of the office in compliance with statutes and to provide reasonable assurance that County assets are safeguarded and appropriately managed.

An exit conference with the Tax Assessor was held on July 03, 2013 to discuss this report.

The time and assistance provided by the Tax Assessor and the staff during this engagement is greatly appreciated.

Observations and Recommendations

Observation	Recommendation	Management Response
<p><u>Condition:</u> Tax Office change fund amount does not agree with the authorized change fund amount. The cash on hand is \$3,000.00 greater than the authorized change fund amount.</p> <p><u>Effect:</u> There is a higher risk of misappropriation of funds when county funds are commingled with personal funds.</p> <p><u>Cause:</u> The Tax Assessor/Collector has deposited \$3,000.00 of personal funds to the Tax Office change fund. The deposit was allocated to two locations, McKinney Motor Vehicle \$1,000.00 and Plano Motor Vehicle \$2,000.00</p> <p><u>Criteria:</u> Local Government Code Section 130.902 CHANGE FUND IN COUNTIES (a), The Commissioners Court of a county may set aside from the general fund of the county an amount approved by the county auditor for use as a change fund by any county or district official who collects public funds. The fund may be used only to make change in connection with collections that are due and payable to the county, state, or another political</p>	<p><u>a) Transaction Required:</u> The Tax Assessor Collector should submit a request to the Auditors' office to increase the change fund. The personal funds of \$3,000.00 should be removed from the change fund.</p> <p><u>b) Internal Control Change:</u> The appropriate procedures for increasing the change fund should be implemented.</p>	<p><u>Response:</u> No response received</p> <p><u>Auditors' Note:</u> The recommendation has been implemented.</p>

subdivision of the state that are often made by the official. (d) On the recommendation of the county auditor, the commissioners court may increase or decrease the change fund at any time.

Observation	Recommendation	Management Response
<p><u>Condition:</u> An electronic receipt was issued to the taxpayer for \$122.50, but the taxpayer only paid \$106.14; leaving a balance due of \$16.36.</p> <p><u>Effect:</u> The receipt amount and deposit amount for the day will not match, creating a cash shortage of \$16.36 for that cash drawer for the day.</p> <p><u>Cause:</u> The clerk completed the transaction and issued a receipt after accepting an incorrect payment amount.</p> <p><u>Criteria:</u> Correct payment amounts should be accepted for each transaction before entering and receipting in the system.</p>	<p><u>a) Transaction Required:</u> None – Payment has been made</p> <p><u>b) Internal Control Change:</u> Transactions should not be completed and receipts issued when payments are incorrect.</p>	<p><u>Response:</u> No response received</p> <p><u>Auditors' Note:</u> The remaining balance due has been paid.</p>

Observation	Recommendation	Management Response
<p>Condition: There are 575 Form 31s (Texas Title Application) missing in the McKinney office and 28 missing from the Frisco Office. In addition, there are 10 out of 33 dealers that had more Form 31s than were allowed according to the bond amount on file. (See Appendix)</p> <p>Effect: The state can fine up to \$1,000.00 for every missing form per the recommended state provided contract.</p> <p>Cause: There is not a log being kept to track the movement of Form 31s and regular Form 31 inventories are not being completed by the office.</p> <p>Criteria: The Collin County Tax Assessor Collector Dealer contract states "...misplaced or unaccounted for Form 31s. The fee per Form 31 is currently \$1,000.00."</p> <p>Inventory should be accounted for at all times and all movements tracked. Form 31 voids should be recorded in the log prior to returning the voids to the State.</p>	<p>a) Transaction Required: The state should be contacted, in an effort to update the system to remove missing and obsolete inventory from the available inventory; and the Tax Assessor needs to ensure dealers do not currently have more Form 31s than covered by their bond amount.</p> <p>b) Internal Control Change: Monthly inventory of the forms should be completed at all locations. Standards throughout the different locations for tracking forms should be implemented. Procedures should be put in place to ensure that dealers are not allowed more Form 31s than covered by their bond amount.</p>	<p>A. Response: No response received</p> <p>Auditors' Note: Six of the ten dealers are now in compliance.</p>

Observation	Recommendation	Management Response
<p>Condition: Required executed contracts and deputation documentation, including verification of identification are not on file for a number of dealers and subcontractors'. (See Appendix)</p> <p>Effect: The contracts and deputation forms are not considered executed without all parties' signatures, notarization and required verification of identification.</p> <p>Cause: When the required forms are completed by the dealers and subcontractors, the Tax Assessor-Collector is not always signing, notarizing and verifying documents and identification.</p> <p>Criteria: Transportation code 502.191 COLLECTION OF FEES (a) A person may not collect a registration fee under this chapter unless the person is: 1) an officer or employee of the department: or 2) a county assessor-collector or a deputy county assessor-collector.</p>	<p>a) Transaction Required: The dealer and subcontractor files should be updated with the required documentation. The Tax Assessor-Collector should maintain updated dealer and subcontractor documentation and identification records.</p> <p>b) Internal Control Change: All dealer and subcontractor contracts and deputation documentation should be reviewed to ensure all required information and identification are provided, approved, signed, and notarized to make certain the documentation is fully executable.</p>	<p>A. Response: No response received</p> <p>Auditors' Note: Files have not been updated.</p>

Observation	Recommendation	Management Response
<p>Condition: Check number 120728 in the amount of \$1,140.84 was \$160.70 over the amount owed on invoices RWH0001 and RWH0002.</p> <p>Effect: The VIT interest amount available for use for property tax expenditures was reduced by \$160.70, due to the overpayment.</p> <p>Cause: Supporting documentation for invoice RWH0002 was paid in error as a separate total after already being included in the balance of the original invoice.</p> <p>Criteria: All disbursement requests should be correctly calculated and supported with the proper documentation and authorization prior to payment.</p>	<p>a) Transaction Required: A request for the \$160.70 to be refunded should be issued.</p> <p>b) Internal Control Change: Invoices should be checked for accuracy prior to approval and the issuing of disbursements.</p>	<p>A. Response: No response received</p> <p>Auditors' Note: The refund has been received.</p>

Appendix

There are 10 out of 33 dealers that had more Form 31s than were allowed according to the bond amount on file.

Location	Bond Amount	Amount allowed by bond	Total amount allocated	Amount over allowed
1	\$ 165,000.00	155	198	43
2	\$ 60,000.00	50	69	19
3	\$ 60,000.00	50	74	24
4	\$ 80,000.00	70	75	5
5	\$ 35,000.00	25	30	5
6	\$ 85,000.00	75	77	2
7	\$ 105,000.00	95	100	5
8	\$ 105,000.00	95	96	1
9	\$ 55,000.00	45	50	5
10	\$ 60,000.00	50	72	22

Required executed contracts and deputation documentation, including verification of identification are not on file for a number of dealers and subcontractors'.

Issue	Files
Deputation documents not complete	19
Signatures on contract not notarized	5
Missing certificate of assumed name	1
Missing deputy identification	8
Missing renewal of bond documents	1
Missing proof of insurance coverage	1
No one deputized at location	3