



Audit Report
TAX ASSESSOR / COLLECTOR
OCTOBER 1, 2014 – SEPTEMBER 30, 2015
Status: Final

For action:

Kenneth Maun

Tax Assessor-Collector

For information:

Jeff May

Linda Riggs

County Auditor

First Assistant Auditor

Audit Report
TAX ASSESSOR / COLLECTOR
OCTOBER 1, 2014 – SEPTEMBER 30, 2015
Report Summary

As part of the 2015 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 October 1, 2014 through September 30, 2015.

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-Collector was held on Friday, June 10, 2016 to discuss this report.

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

Observations and Recommendations

Observation	Recommendation	Management Response
FINDING NUMBER: 140		
<p><u>Condition:</u> While reviewing the property daily distribution summary reports, the Auditor's office found that the 2% county commission calculation was being added to the daily collection, instead of being withheld and paid monthly. This miscalculation, totaling \$189,537.51, started on February 11, 2015 and continued daily until April 15, 2015, when the calculation was corrected.</p> <p><u>Effect:</u> During February to April 2015, there were daily overpayments of the 2% county commission. This overpayment resulted in a shortage in the tax collection account for the same amount.</p> <p><u>Cause:</u> The 2% commission was paid twice; once with the daily collection payment, and once as a separate payment at the end of the month on the Fee & Commission report.</p> <p><u>Criteria:</u> The commission on tax collection is 2%, which should be paid at the end of the month on the Fee & Commission report.</p>	<p><u>A. Transaction Required:</u> No transaction required-The overpayment was reduced monthly on the April to August 2015 Fee & Commission report from the monthly 2% commission due.</p> <p><u>B. Internal Control Change:</u> Verify that the 2% commission on tax collections is not included in the daily collection amount. This commission is paid monthly and is included on the Fee & Commission report.</p>	<p><u>A. Response:</u> No transaction required.</p> <p><u>B. Response:</u> Completed as soon as notified of issue.</p> <p><u>Status of Recommendation:</u> The accounting clerks that process the daily disbursements discovered this issue and notified the previous supervisor. After nothing was being done to correct the issues, the clerks then brought it to the attention of the Internal Audit lead and asked for assistance in verifying that an issue existed and what actions needed to be taken to correct it. The formula in the system was corrected and funds were withheld from the monthly check until the amount of overpayment was recouped by the Tax Office. We thank the Auditor's office for their assistance in getting this issue corrected.</p>

Observation	Recommendation	Management Response
FINDING NUMBER: 141		
<p><u>Condition:</u> Surrendered license plates are sold to a recycling center and the money received is not being correctly reported as revenue.</p> <p><u>Effect:</u> The revenue is not accounted for in the financial records of the Tax office; therefore revenue is understated.</p> <p><u>Cause:</u> The proceeds from the sale of the surrendered license plates are not deposited in the County depository or recorded in the Tax office accounting system (SMIGL).</p> <p><u>Criteria:</u> According to Collin County's Cash Handling policy, Court Order No. 2313-441-06-17, cash must be deposited promptly to the Treasury Department or County depository. Accounting for the cash needs to be completed as it is received.</p>	<p><u>A. Transaction Required:</u> Proceeds from the sale of the surrendered license plates should be deposited in the County depository and recorded in the Tax office accounting system (SMIGL)</p> <p><u>B. Internal Control Change:</u> Identify all revenue to ensure all monies are deposited in the County depository and recorded in the Tax office accounting system (SMIGL)</p>	<p><u>A. Response:</u> The funds will be turned over to the treasury upon approval of the Tax Assessor Collector</p> <p><u>B. Response:</u> All funds have been accounted for and documentation will be turned over with the funds.</p> <p><u>Status of Recommendation:</u> The recycling program has been suspended and the plates are being handled in compliance with TxDMV directives.</p>

Observation	Recommendation	Management Response
FINDING NUMBER: 139		
<p><u>Condition:</u> The February 2015 to September 2015 bank reconciliations for all bank accounts and October 2014 to September 2015 monthly financial reports were not submitted to the Auditor's office by the 15th of the following month. These reports were submitted between 6 to 165 days late.</p> <p><u>Effect:</u> The financial records and bank balances were not verified and updated with the current financial information.</p> <p><u>Cause:</u> Bank reconciliations and monthly reports were not correctly completed by the Tax office in a timely manner.</p> <p><u>Criteria:</u> Bank reconciliations and monthly financial accounting reports should be correctly completed and submitted to the Auditor's office by the 15th calendar day of the subsequent month in order to verify bank balances and notify the bank of errors.</p>	<p><u>A. Transaction Required:</u> No transaction required-The bank reconciliations and financial accounting reports have been completed during the audit.</p> <p><u>B. Internal Control Changes:</u> Bank reconciliations and monthly financial accounting reports must be completed accurately and on a timely basis. Tax office management should ensure the bank reconciliations and reports are correctly completed on a timely basis, and should approve the records to ensure awareness of financial activities.</p>	<p><u>A. Response:</u> No transaction required.</p> <p><u>B. Response:</u> The tax office has hired a new Financial Operations Manager to address this issue.</p> <p><u>Status of Recommendation:</u> All reconciliation reports have been completed, approved, and submitted on or before the 15th of the following month for every month since May 2016 when new manager was put in place.</p>