



**Comprehensive Audit Report
TAX ASSESSOR / COLLECTOR
OCTOBER 1, 2018 - SEPTEMBER 30, 2019
Status: Final**

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Report Summary

As part of the 2019 Comprehensive 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, 2018 through September 30, 2019.

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 Tuesday, February 1, 2022 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
<p><u>Condition:</u> During the audit period, the Tax Office Motor Vehicle Department had nineteen plates or registration transactions that were completed but funds were not properly collected. Eleven of these payments were eventually received. However, eight of the transactions totaling \$551.00 were voided within two days due to not being able to collect funds.</p> <p><u>Effect:</u> The Tax Office provided services that were not paid for by the customer at the time of sale. Eight customers received a receipt of payment and were under the pretense their registration was valid when it was invalid due to no payment being received.</p> <p><u>Cause:</u> The following were the reasons payments were not completed: (1) lost check, (2) credit cards not accepted, (1) clerk did not collect payment, (4) credit cards were not charged.</p> <p><u>Criteria:</u> All fees should be properly assessed and collected prior to the completion of a transaction.</p>	<p><u>A. Transaction Required:</u> A written <i>Notification of Obligation</i> letter should be sent to the customer. If written attempts fail, the collection of payment should be sent to the constable per Trans. Code 502.193 & 502.1931. Procedures should be created for recourse of funds and to mitigate voiding transactions immediately.</p> <p><u>B. Internal Control Change:</u> Registrations and fees that require payment should be paid and collected with an acceptable method of payment at the point of sale. Clerks should also ensure that customers' information such as correct address and phone number is obtained during the transaction to contact the customer if an issue emerges.</p>	<p><u>A. Response:</u> It is policy to request and collect the phone number for checks and credit card transactions. The State RTS system does not capture customer phone numbers. For title transactions, the phone number is requested on the 130U Form. It is also policy to confirm the address for all transactions in the RTS system. The clerk does attempt to contact the customer when payment is not received by calling and/or sending a letter requesting payment. They inform the customer if money is not submitted the transaction will be voided and the registration will be invalid. If money is not collected, the transactions is voided in the State system and the registration is invalidated. A credit is received from the State once the registration is voided.</p> <p><u>B. Response:</u> The Motor Vehicle supervisors continue to stress to the clerks the importance of getting all information from customers and verifying the transactions are completed and monies collected.</p>

Observation	Recommendation	Management Response
<p><u>Condition:</u> The Wine and Beer account had three overpayments that were not refunded to the payee. On 2/6/19 Lima Tavema (BG1015955) made a payment of \$425, when only \$175 was due (overpayment of \$250). On 5/23/2019 C Rolls Sushi (BG904682) made a payment of \$350 when only \$175 was due (overpayment of \$175). On 7/24/2019 Tom Thumb #1788 (BQ992097) made a payment of \$75 when only \$60 was due (overpayment of \$15).</p> <p><u>Effect:</u> Monies were paid in excess to the actual fees that were owed by taxpayers. The overpayments resulted in the Wine and Beer account to be overstated.</p> <p><u>Cause:</u> There were no procedures in place to identify and ensure overpayments were processed correctly.</p> <p><u>Criteria:</u> Fees collected and processed should be according to the approved fee schedule and TABC fees. Any money overpaid should be promptly refunded.</p>	<p><u>A. Transaction Required:</u> The overpayments of \$250 (Lima Tavema), \$175 (C Rolls Sushi) and \$15 (Tom Thumb #1788) should be refunded to the appropriate taxpayers.</p> <p><u>B. Internal Control Change:</u> Procedures should be created to ensure overpayments and duplicate payments are identified and processed correctly.</p>	<p><u>A. Response:</u> The \$75 for Tom Thumb was for a County Clerk Permit. The check was cut to the County Clerk on 9/27/2019. Refunds have been issued to Lima Taverna for \$250 and to C Rolls Sushi for \$175.</p> <p><u>B. Response:</u> Procedures have been updated to ensure payments, duplicate payments, and shortages are identified and processed correctly.</p>

Observation	Recommendation	Management Response
<p>Condition: The Property account check 184805 was not issued in the system and did not clear the bank. The check could not be located.</p> <p>Effect: Checks unaccounted for creates a potential liability for fraud.</p> <p>Cause: There were no procedures in place to identify and ensure all check stock items are accounted for.</p> <p>Criteria: All unused check stock should be accounted for and secured.</p>	<p>A. Transaction Required: Check 184805 should be created and voided in the accounting system and Positive Pay system.</p> <p>B. Internal Control Change: Procedures should be created that designates a custodian and one alternate who is responsible for the storage and issuance of blank checks. Additionally, a log should be created to track the removal of check stock. Blank checks should be stored in a secure area, locked at all times and separate from other supplies. Access to this area must be limited to the custodian and alternate only.</p>	<p>A. Response: Check 184805 was voided before it was ever issued. A copy of the check with "VOID" marked on it is filed in our records. Since Positive Pay is used to grant permission for the bank to accept our checks for payment, this check was correctly never entered in Positive Pay and therefore cannot be voided in Positive Pay. We have a request in with Spindlemedia to find out if there is a way in the future for us to list a voided check in our check register that was never issued in the first place.</p> <p>B. Response: The Tax Office Accounting Dept. currently has several internal controls in place that were listed in the audit recommendations. The department has a custodian and an alternate who are responsible for the storage and issuance of blank checks. Blank checks are stored in a locked safe and are kept separate from other supplies. A tracking log will be added to our internal controls which will list all check numbers and the date issued.</p>