



**Comprehensive Audit Report
TAX ASSESSOR / COLLECTOR
OCTOBER 1, 2019 - SEPTEMBER 30, 2020
Status: Final**

For action:

Kenneth Maun

Tax Assessor-Collector

For information:

Linda Riggs

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County Auditor

First Assistant Auditor

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Report Summary

As part of the 2020 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, 2019 through September 30, 2020.

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 Thursday, September 28, 2023 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> There were two erroneous payments made to the Wine and Beer account that were not collected by the Tax Office or refunded to the recipient. On February 27, 2020, Kura Revolving Sushi Bar/Kura Sushi USA Inc. made a payment of \$60, but \$175 was actually due, resulting in an underpayment of \$115. Additionally, on March 3, 2020, Liquor King/Liquor King LLC made a payment of \$175, but only \$60 was due, resulting in an overpayment of \$115.</p> <p><u>Effect:</u> Monies were paid in excess or short of the actual fees that were owed by taxpayers. The overpayment resulted in the Wine and Beer account being overstated and the underpayment resulted in the Wine and Beer account being understated.</p> <p><u>Cause:</u> Procedures were not followed to identify and ensure overpayments and underpayments were processed correctly.</p> <p><u>Criteria:</u> Fees collected and processed should be according to the approved fee schedule and TABC fees. All overpayments should be refunded promptly and all underpayments should be collected promptly.</p>	<p><u>A. Transaction Required:</u> The overpayment of \$115 (Liquor King/Liquor King LLC) should be refunded to the taxpayer and the underpayment of \$115 (Kura Revolving Sushi Bar/Kura Sushi USA Inc.) should be collected from the taxpayer.</p> <p><u>B. Internal Control Change:</u> Established procedures should be followed to ensure payments and to effectively detect and manage instances of incorrect payments.</p>	<p><u>A. Response:</u> The additional payment for the underpayment of \$115 was received from Kura Revolving Sushi Bar and deposited into the Wine & Beer bank account on 6/30/2022. The \$115 overpayment was refunded to Liquor King LLC on 4/20/2022 (ck. #4300).</p> <p><u>B. Response:</u> The Tax Office follows established written procedures for the billing, collecting, depositing, and recording of Wine & Beer fees. We will continue to adhere to those procedures and strive to achieve a zero error rate.</p>

Observation	Recommendation	Management Response
<p><u>Condition:</u> On May 6, 2020 a deposit for \$133,270.10, consisting of seven dealership checks, was misplaced. The Tax Office was unable to locate the deposit and did not have any documentation to substantiate this occurrence. Also the Auditor's office was not notified of this shortage. The seven checks were eventually repaid and cleared between 18 to 63 days from the initial transaction date. Three of these checks were received by the Tax Office without issuing a manual receipt.</p> <p><u>Effect:</u> Transactions processed by Motor Vehicle but not deposited resulted in the Motor Vehicle account to be understated and can cause further issues for customers, banking institutions and Tax Office processing. Improper safeguarding of checks, could lead to unauthorized access on customer accounts and potential fraud.</p> <p><u>Cause:</u> Procedures were not followed on receipting, safeguarding, nor tracking deposits.</p> <p><u>Criteria:</u> According to the <i>Collin County Cash Handling</i> policy, all cash must be stored in a secure place approved by the County Auditor and should be deposited within 2 business days, any shortage of \$100 or more must be immediately reported to the Auditor, and all funds received should be receipted immediately on a computerized or manual receipt.</p>	<p><u>A. Transaction Required:</u> All funds were recouped therefore no transaction is required. All checks were accounted for and the deposits were verified on April 27, 2022.</p> <p><u>B. Internal Control Change:</u> The Tax Office should adhere to the Collin County Cash Handling policy and its internal procedures. Additionally, it is recommended to create procedures for handling special circumstances similar to this and the gathering of proper documentation for each occurrence.</p>	<p><u>A. Response:</u> The Tax Office Accounting Department noticed the missing deposit immediately. Other appropriate Tax Office departments were immediately notified. Accounting and Motor Vehicle departments worked together and with the affected dealerships to collect replacement checks. Every aspect of the process was well documented. As noted in the Audit report, all funds were recouped on a timely basis. This was considered a clearing shortage therefore there was no permanent shortage to report to Audit.</p> <p><u>B. Response:</u> The Tax Office diligently adheres to the County's cash handling policies as well as our own internal policies. An unusual lapse in procedures occurred when this deposit was misplaced. We will continue to closely adhere to policies to keep such instances to a minimum. We will also continue to follow our internal control procedures so that any errors can be detected and corrected quickly.</p>