



**Comprehensive Audit Report
PUBLIC WORKS
OCTOBER 1, 2020 - SEPTEMBER 30, 2021
Status: Final**

For action:

Jon Kleinheksel

Director of Public Works

For information:

Kristine Malone

County Auditor

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Report Summary

As part of the 2021 Comprehensive Audit Plan, an audit of the Public Works 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, 2020 through September 30, 2021.

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 Director of Public Works was held on Wednesday, August 21, 2024, to discuss this report.

The time and assistance provided by the Director of Public Works and the staff during this engagement is greatly appreciated.

Observations and Recommendations

Observation	Recommendation	Management Response
<p>Condition: There were three erroneous payments for Dust Control (using diluted asphalt emulsion) that were calculated using .26 per linear foot instead of .78 per linear foot at 1,000 linear feet each. On 10/14/2020, 1/29/2021, and 6/29/2021, Milton Wright paid \$260 for 1,000 linear feet, but \$780 was due, resulting in an underpayment of \$520 for each payment totaling \$1,560. Furthermore, oiling roads is a taxable service per Texas Administrative Code Rule 3.357 (b) (1), resulting in an additional underpayment of taxes totaling \$193.05.</p> <p>Effect: Monies were paid with a shortage of the actual fees owed by the customer. The underpayments resulted in the office account being understated.</p> <p>Cause: No procedures were in place to identify and ensure payments were being invoiced/collected accurately per the Collin County Fee Schedule and Texas Sales and Use Tax.</p> <p>Criteria: Fees collected and processed should be according to the approved Commissioners Court fee schedule. All underpayments should be collected promptly. Sales tax should be collected on any services or tangible items purchased by citizens and remitted to the State.</p>	<p>A. Transaction Required: The underpayment of the \$1,560 Dust Control fee and \$193.05 sales tax should be collected.</p> <p>B. Internal Control Change: Procedures should be created to ensure payments and sales tax are calculated and collected correctly according to the Collin County fee schedule and Texas Sales and Use Tax rules.</p>	<p>A. Response: Invoice and payments for the 3 charges made in accordance to the fee schedule and correct amount charged for one pass of Dust Control Oil. Purchase for 1000 lf./one pass. .78 on fee schedule is for 3 passes, thus divide by 3 which is .26. .26 for one pass X 1000 = 260.00 that was purchased/invoiced. Current Fee Schedule states Under "Other" Per Linear foot minimum 500 feet. PW has updated verbiage with "1 application, 3 passes per application." PW not informed until early Aug. of 2024 by Auditors' Office to charge sales tax on Dust Control Oiling. Auditors' Office was researching to notify PW on how to proceed on what/when to charge Sales Tax.</p> <p>B. Response: FY25 fee schedule updated with wording of 1 application, 3 passes per application. Taxes collected on Dust Control Oiling starting 8/24 when Auditors' Office notified PW and hence moving forward. Monies were being invoiced/received in accordance to the fee schedule.</p>