



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#116871

PAGE 1 OF 4

DATE: 1/14/2014

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE 2013 AD VALOREM YEAR END MANUAL RECEIPTS ISSUED BY THE TAX OFFICE.**

***** CONSENT AGENDA *****

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of the 2013 Ad Valorem Year End Manual Receipts issued by the Tax Office.

BACKGROUND:

In accordance with Local Government Code, the Auditor's Office reviewed ad valorem transactions recorded on manual receipts during September 27 through October 4, 2013. At the end of each fiscal year, the Tax Office loads the new tax year database into Tax Client, the application used to record ad valorem tax transactions. During this time, Tax Office staff cannot record transactions into Tax Client. The objective of the review was to determine whether payments recorded on the manual receipts were accurately recorded and deposited. The Auditor's Office found no exceptions.

Attached to this report is a written response from the Tax Assessor – Collector.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditors

PREPARED BY: S. Renee Tidwell
APPROVED BY:



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December 16, 2013

The Honorable Ron Wright, Tax Assessor-Collector
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Ad Valorem Year End Manual Receipts, 2013

SUMMARY

In accordance with Local Government Code, Subchapter A, Sect. 115.001, Examination of Records, and Section 115.002 Examination of Books and Reports, we determined whether ad valorem payments recorded on manual receipts during September 27 through October 4, 2013 were accurately deposited and recorded into *Tax Client*. Since it is not possible to verify that a manual receipt was prepared for every transaction, we cannot determine whether all monies collected during this period were deposited and recorded properly. Based on our testing, we found that the amounts recorded on the manual receipts reconciled to the Daily Collection Reports, bank deposits, the general ledger, and the amounts recorded to taxpayer accounts. Furthermore, amounts on the manual receipts were recorded in the accurate fiscal year.

Tax Office management implemented Year-end Payment & Closing Procedures to provide controls over payments received during this period. However, we found that Tax Office staff did not always follow the procedures established by management. Management's post year-end review procedures also detected these non-compliance issues. Specifically:

- 307 receipts did not include the clerk's signature or full name who accepted the payment.
- 7 receipts for credit card payments did not include the transaction reference numbers.
- 2 receipts did not include the property account numbers, and 1 manual receipt recorded the incorrect account number but was posted to the correct account.
- 32 receipt *numbers* were not recorded accurately or were not recorded at all in property accounts.
- 3 receipt dates did not match the dates recorded in property accounts.
- 2 receipts were issued from receipt books that were not assigned to be used during year end.

Furthermore, receipt numbers, including voids and skipped receipt numbers, were not properly accounted for as required by the Year-end Payment & Closing Procedures. We also communicated some additional minor issues observed during our review to Tax Office management.

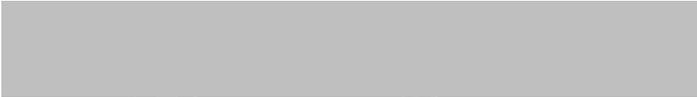
BACKGROUND

At the end of each fiscal year, the Tax Office loads the new tax year database into *Tax Client*, the application used to record ad valorem tax transactions. During this time, the Tax Office staff cannot record transactions into *Tax Client*. Instead, Tax Office staff uses manual receipts to record payment-in-person transactions. When *Tax Client* becomes available, Tax Office staff uses the manual receipts to record payments to taxpayer accounts. Tax Office staff issued 639 manual receipts totaling \$596,974. Of this amount, cash collected totaled \$173,846.

CLOSING REMARKS

We appreciate the cooperation of Tax Office staff during our review. Please call me if you have any questions regarding the contents of this report.

Sincerely,



S. Renee Tidwell, CPA
County Auditor

Attachment:
Management's response letter

Team:
Kim Trussell, Audit Manager
Melissa Askey, Senior Auditor

Distribution:
Tom Spencer, Tax Office Chief Deputy
Anita El Sakhawy, Accounting Director
Jim Prichard, Property Associate Chief Deputy
Danny Nichols, Collections Manager



TARRANT COUNTY TAX OFFICE

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RON WRIGHT
Tax Assessor-Collector

December 23, 2013

Rene Tidwell, County Auditor
The Honorable District Judges
The Honorable Commissioner's Court

Subject: Auditor's Report – Ad Valorem Year End Manual Receipts, 2013

The Tax Office must shut down our payment systems when we convert to the new tax year in order to avoid conflicts. To process payments made during the new year conversion, a system of paper receipts is utilized to record the payment for immediate deposit to the bank and later update to the tax accounts receivable.

Any change in procedure is problematic; especially those that switch from automated to manual. Over time, we have worked to refine the process. As was indicted in the subject audit, procedures were developed and issued to better control the process. Unfortunately, not all staff members followed the procedure and the results are documented in the subject audit.

It is recognized that the finding in this audit generally represent failure to provide appropriate documentation as opposed to missing payments or payments applied to the wrong account.

Plans for the future include a more automated system that should provide better controls and documentation. Regardless, the Tax Office will strive to improve our compliance with procedures.

We appreciate the effort of the Auditors to provide review and recommendations on Tax Office operations.

Should you have any questions, please don't hesitate to contact me.



Ron