



DALLAS COUNTY
COUNTY AUDITOR

Memorandum

To: Honorable John R. Ames, CTA
Tax Assessor-Collector

From: Virginia Porter *Virginia Porter*
County Auditor

Subject: Tax Office – Review for Period Ending December 2010

Date: Issued: July 8, 2011
Released: November 30, 2011

SCOPE

We performed ongoing reviews on the financial records of the Dallas County Tax Office during the period ending December 2010. The Tax Assessor-Collector collects ad valorem taxes, vehicle registration fees, vehicle surcharges, certificate of title fees, vehicle sales taxes, title service and runner license fees, beer and wine license fees, liquor fees, occupation sticker fees, scofflaw fees, and special inventory taxes. During fiscal year 2010, the Tax Office processed approximately \$3.7 billion in receipts.

PROCEDURES

Internal control issues surrounding routine operations are evaluated on an ongoing basis with exceptions briefed monthly to key staff of the Tax Assessor-Collector and the County Auditor. Controls are categorized and evaluated using risk assessment techniques. A random sampling of the total activity was selected for certain procedures, while others were reviewed in their entirety.

Review steps included but were not limited to the following:

A. ACT System processing for property tax levy and collection

- Program enhancement
- Remittances to other entities and delinquent tax collection law firm
- Monthly ad valorem tax collection reports
- Internet collections of property taxes
- Refunds generated to reapply payments posted to the UGSA/ACT systems

B. Accounting /Reconciliation

- Bankruptcy payments received from trustees
- Bank reconciliations and ACH transfers
- Refunds to taxpayers and overpayments
- Undisbursed refund
- Weekly Registration and Title System (RTS) reports and related ACH transfers
- Manual NSF processing
- RPS (Remittance Processing System) processing

C. Security – cash and technology

- Security for Appraisal & Collection Technologies (ACT) tax system including those authorized to void transactions
- Manual cash handling procedures
- System voids
- Online processing
- Remittance processing system

D. Tax exemptions, abatements

- Tax increment finance districts (TIF)
- Abatements and historic exemptions
- Agriculture (AG) rollbacks

E. Employee development and training:

- Training and procedures on processing liquor, beer and wine payments, billings, and applications
- Incentive programs for MV and TIU

F. Non-Property tax activity

- Special inventory
- Beer and wine
- Vehicle registration
- Third party reports and remittance of Internet collections of motor vehicle registrations
- Special tax
- Purchasing procedures
- Contracts
- Scofflaw

FY2010 Statistical Information

- Over \$3.7 billion receipted
- Over 797,000 property tax accounts
- Over 2,120,000 registration transactions
- Over 579,900 title transactions
- 59 entity collection contracts

Our consideration of the control environment over financial reporting incorporated a review of standard risk elements.

- Authority and responsibility
- Size and complexity of operations
- Management philosophy
- Organizational structure
- Technology policies
- Other economic and political issues

While inherent risks for the property tax and motor vehicle divisions are high due to approximately \$3.7 billion in receipts processed, significant contracts, and extensive regulatory codes, the attitude and action of management provide discipline and structure.

No irregularities of intentional misstatement or omission in fraudulent or misleading statements were identified during our review. However, we have identified processes with differing risk factors for consideration by management. Overall risks are considered normal or low unless otherwise noted.

ACT System processing for property tax levy and collection.

Findings/Observations

Levy adjustments – The 2010 Certified Tax Roll received from the Dallas Central Appraisal District (DCAD) and other appraisal districts was loaded to the ACT system on October 1, 2010. Supplemental monthly tapes from Dallas Central Appraisal District (DCAD) containing levy adjustments (taxable value/exemption changes), address changes, and deed transfers were processed into Appraisal & Collection Technology (ACT). Levy adjustments from other appraisal districts were processed manually into ACT. Also, certain levy adjustments were processed manually, including agreed judgments received from DCAD, due to potential penalties within the Tax Code when refunds are not made within specified timeframes.

Pre-conversion refunds – During the implementation of ACT and conversion from UGSA in July 2008, overpayments or erroneous payments pending refund within UGSA were transferred to ACT as 2007 property tax year, and are considered pre-conversion refunds. Beginning in fiscal year 2011, letters were sent to the taxpayer regarding the accounts affected, requesting proof of payment for individual refund amounts. These refunds are greater than 3 years old and require a special briefing per the property tax code.

PID exemption – An historic exemption was incorrectly processed for one downtown PID account for Tax Year 2008 resulting in a refund to the taxpayer for \$30,917.20.

Status: Updates to ACT were implemented so exemptions added to one jurisdiction are not automatically added to all jurisdictions.

Backdated payments – Waivers of penalty and interest are subject to management review and require supporting documentation. Payments received after the delinquency date, but recorded to ACT with backdated receipts were minimal. Valid reasons noted for backdating included: misapplied payments; misplaced or lost checks; DCAD clerical error letters; etc.

Disclosure (pertinent information regarding financial processing)

Agreed judgments – Over 1,200 property appraisal cases affecting over 5,000 accounts filed against **DCAD**, resulted in a reduction of Dallas County taxable levy for tax year 2009 by over \$4.6 million after entry of final agreed judgments by the court. Tax Office workload is increased to process not only the levy adjustments, but any potential refunds as well.

Accounting /Reconciliation exceptions

Findings/Observations

Refund of overpayments or erroneous payments over \$5,000 – 69 refund requests totaling \$828,599 were submitted by Tax Office staff for review. Approximately, 8.7% of the 69 refund requests were returned for various reasons including: insufficient supporting documentation, accounts with delinquent property taxes, or applications not dated within three years of over/erroneous payment.

Over disbursements to entities – As of September 30, 2010, \$239,603 remained as a balance due from the entities. The overpayments include old unadjusted remittance errors and current processing of agreed judgments which lower taxable values/levies on previously paid accounts. The ACT system recognizes credits created by levy adjustments immediately, reducing remittances available from current collections and places the credit in a “refund bucket”.

Unclaimed funds – Property Tax Refund Account 715 – A review of outstanding checks from the Property Tax Refund Account 715 revealed: 483 checks over three years old and less than \$100, totaling \$16,301, and 532 checks over three years old and greater than \$100, totaling \$692,490, have not been researched for reissuing to the applicable party and/or escheating to the County Treasurer or State Comptroller.

Security – cash and technology

Findings/Observations

Internal controls – payment processing/handling – Unprocessed checks totaling approximately \$1.8 million intended for application to Tax Year 2008 levies on 1167 property tax accounts were accounted for by Tax Office staff in December 2010. The Tax Office self-reported the issue and immediately began research of each account to determine if paid or owing.

Status: Research was completed and appropriate action was taken by the Tax Office staff.

Internal controls - daily reconciliation – Review of daily close out reports and deposit transactions revealed material compliance with limited cash shortages noted. Procedures to detect counterfeit bills and affirm cashier responsibility are documented and monitored by supervisory staff.

TaxLedge disbursement system – Controls over check processing showed strong controls with limited instances of TaxLedge system or clerical errors.

System controls – roles/rights – One generic User Name (DC01) used by various law firm programmers with complete system rights as of February 22, 2011. Some users were granted unnecessary rights in correlation with job functions/descriptions. Twenty-two (22) instances of law firm staff with ‘Cashier’, ‘Clerk’, and/or ‘Roll Maintenance’ roles active in production.

Disclosure (pertinent information regarding financial processing)

Credit card payments – Beginning with Tax Year 2010, credit card fees were paid by the taxpayer.

Tax exemptions, abatements, TIF’s

The County disbursed a total of \$2,696,410 to Tax Increment Financing (TIF) Districts during calendar year 2010 for Tax Year 2009 tax increment.

Employee development and training

Employee incentives - A total of \$128,237 was spent on employee incentive programs for fiscal year 2010. The Motor Vehicle section received \$109,017 in incentive pay and benefits for 103 employees during the year, averaging \$1,058 per employee. The TIU (Telephone Information Unit) section received \$19,220 in incentive pay and benefits for 19 employees during the year, averaging \$1,011 per employee.

Non-property tax activity

Findings/Observations

Unclaimed funds – Registration, Title, and Sales Tax Account 710 – A review of outstanding checks from the Registration, Title, and Sales Tax Account 710 revealed: 1,528 checks over three years old and less than \$100, totaling \$48,203, and 168 checks over three years old and greater than \$100, totaling \$83,370 have not been researched for reissuing to the applicable party and/or escheating to the County Treasurer or State Comptroller.

Unclaimed funds – Beer & Wine Account 713 – A review of outstanding checks from the Beer & Wine Account 713 and receipted payments for beer and wine applications without State approval revealed: two (2) checks over three years old and less than \$100, totaling \$91, three (3) checks over three years old and greater than \$100, totaling \$832, and old beer and wine renewal application fees exceeding \$38,000 without State approval for permit issuance have not been researched for reissuing/refunding to the applicable party and/or escheating to the County Treasurer or State Comptroller.

Unclaimed funds – Special Inventory (VIT) Account 718 – A review of outstanding checks from the Special Inventory (VIT) Account 718 revealed: 76 checks over three years old and less than \$100, totaling \$1,843, and 29 checks over three years old and greater than \$100, totaling \$33,640, have not been researched for reissuing to the applicable party and/or escheating to the County Treasurer or State Comptroller.

Unclaimed funds – Undisbursed Funds Account 719 – A review of outstanding checks from the Undisbursed Funds Account 719 revealed: two (2) checks over three years old and less than \$100, totaling \$105, and five (5) checks over three years old and greater than \$100, totaling \$2,245, have not been researched for reissuing to the applicable party and/or escheating to the County Treasurer or State Comptroller.

Special Inventory (VIT) Account 718 – Interest earned on Special Inventory funds (Account 718) in the amount of \$11,525 was used for expenses not directly related to the administration of the prepayment process during the 2010 calendar year. Property Tax Code Section 23.122 states the funds may be used to defray the cost of administration of the prepayment procedure and may not be used for general office expenses of the assessor-collector unrelated to the cost of administering the program.

FY2010 Vehicle Inventory Tax (VIT) budget included salary allocations for positions with involvement in the Special Inventory prepayment process not specifically delineated/justified.

A new program to track the escrow receipts from the dealers, “Special Inventory Tax” (SIT), is being developed with the assistance of the law firm that handles the property tax software system (ACT). The new program will be able to interact with the property tax system, allowing for task automation not available from the current escrow system. The new program went partially on line February, 2011, when the Tax Office started using it for recording the 2011 escrow receipts, while still testing for proper functionality.

Motor vehicle sales tax collections and remittances to State Comptroller – Wire transfers to the State for sales tax collections were not made within timeframe (daily as collected) in accordance with Tax Code, § 152.121(a) (3). Standard Tax Office practice is for settlement of the sales tax collections to take place from four to five business days after the effective RTS receipts date to allow for corrections. During the month of June, 2010, settlement was delayed from nine to twelve business days due to the flooding in the Records Building.

Registration Renewals - Subcontractors’ Work Processing – Review of the subcontractors’ database and system generated documents revealed missing or unaccounted receipt transactions (gaps in weekly work).

Disclosures (pertinent information regarding financial processing)

Scofflaw Program – During 2010, the City of Dallas entered into a contract with Dallas County to submit information for flagging offenders who owe fines and fees to the city under Section 702.003 of the Texas Transportation Code. The records of such vehicle owners are flagged (‘scofflaw’) by TxDOT. In accordance with statutes, the assessor-collector may refuse to register such vehicles until fines and fees are paid or other arrangements have been made. The County billed the City of Dallas and Garland a combined total of \$92,205 through 9/30/2010.

Title Service License and Title Service Runner Fees – The Tax Office established a Motor Vehicle Title Services and Title Services Runner License policy effective September 1, 2006 in accordance with Transportation Code, § 502.051 thru 520.063. The policy includes a schedule of fees for annual licenses and replacement photo identification fees. The funds are deposited and retained in the Registration, Title, and Sales Tax Account 710. Expenses for background checks and equipment purchases have been paid by the Tax Office from collected funds. As of December, 2010, a balance of \$158,440 remains in Account 710. General Fund revenue and expenditures are understated when activity occurs outside of the County's official financial system. Current practice is not in compliance with V.T.C.A., L.G.C., § 111 and 112 or Generally Accepted Accounting Principles (GAAP).

Registration by mail or electronic means – service charge – The Tax Office collects a \$1 fee from each applicant in accordance with Transportation Code, § 502.101 for motor vehicle registrations by mail or electronic means. The statute indicates that the service charge shall be used to pay the costs of handling and postage to mail the registration receipt and insignia to the applicant. Collected funds are deposited and retained in the Registration, Title, and Sales Tax Account 710. Postage paid directly from Account 710 is periodically loaded to the motor vehicle section postage meter for the postage costs of returning the registration receipt and insignia to the customer. UPS parcel package expenses unrelated to the collection of the \$1 registration service charge are also paid from the retained funds. Most of the excess postage funds are transferred annually to the General Fund to offset the handling costs. In November 2010, the Tax Office transferred \$150,000 to the General Fund. As of December 2010, a balance of \$157,345 remained in Account 710. Postage needs not associated with registering by mail or the Internet should be included in the annual budget. General Fund revenue and expenditures are understated when activity occurs outside of the County's official financial system.

Lease fees – The Texas Department of Transportation (TXDoT) leases "RSP" systems to the Tax Office at a cost of \$600 per year, per system, to be used by participating dealers that sell less than 1,000 vehicle registration stickers on a yearly basis. The Tax Office is responsible for the training, user support, forms, supplies, and user policies and procedures, associated with the leased equipment installed at these non-county sites. As of 9/30/2010, the Tax Office retained a total of \$46,200 service fee from the dealers in the Lease Fee Account 712.

Third party reports and remittance of Internet collections of motor vehicle registrations – In 2009, the State of Texas contracted with "NIC", a Kansas based entity, to operate the Texas government portal. On June 30, 2010, the motor vehicle section of Dallas County was switched from "BearingPoint/Texas On-Line" to NIC's "NICUSA" as the engine for Internet vehicle registration, payment, and related reports.

Recommendations

A listing of specific recommendations regarding responsibility of management for establishing and maintaining internal controls is included in the attached findings/observations and should be read in conjunction with this letter.

Most matters of internal control can be adequately addressed by reconciliation objectives and quality control review processes. Cash handling and system security weaknesses can be addressed by supervisor review and segregation of duties.

TAX OFFICE RESPONSES

Tax Office responses to the calendar year 2010 findings/observations are incorporated in the templates. Additional Tax Office response is attached as Exhibit A.

SUMMARY

This report is intended for the information and use of the Tax Office. While we have reviewed internal controls, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the Tax Office.

Management has addressed all critical internal control concerns leveraging staff and technology. Ongoing risks are inherent in the property tax and motor vehicle divisions due to the high dollar transactions, volume of transactions, complexity of both contracts and laws and the reliance on technology. Our review was conducted on a test basis and was not designed to identify all deficiencies in internal control. Status and results of review noted in this letter do not disclose any significant deficiencies.

Processing errors are minimal considering volume. Emphasis on outlined procedures should provide for improved departmental processes. Adherence to and follow-through with the recommendations should strengthen internal control and compliance with Dallas County policies and procedures and State statutes.

cc: Commissioners Court
Ryan Brown, OBE
Honorable Judge Martin Lowy, LADJ

ADDITIONAL TAX OFFICE RESPONSE:

The Dallas County Tax Office respectfully submitted responses to each of the attached 17 items. We agreed with four of the items and disagreed with 13 of the items. As in past years, we appreciate working together with the Auditor's Office and recognize the value of that relationship. We encourage the Auditor's Office to continue to be diligent in their efforts of making a better Dallas County for all citizens while remembering the enormous scope and magnitude of the volume of transactions and dollars that the Tax Office works with on a daily basis. We believe all the items mentioned in this audit are of importance, but recognize that there are no material deficiencies and that many of the items mentioned have been discussed already between the two departments and changes have been made where needed and based upon realistic resources. It is an art to run a department as large as the Dallas County Tax Office on the limited resources provided and remain diligent in the pursuit of Excellent Service, Innovative Technology and Quality Collections. We are pleased to strive for that perfection daily!



Finding /Observation Number: 2010-TD-01-A1
Date: December 31, 2010
Audit: Tax Office
Auditor(s) Assigned: MB/DW

Finding/Observation:	<p>ACT System processing for property tax levy and collections Approximately 30,000 manual tax payments, (excluding lockbox postings of mortgage tapes, credit card payments, and matched mail payments) were reviewed from the Daily Deposit Proof Teller reports for property tax payments posted to the ACT system after delinquency date without assessment of penalty and interest. Processing risks are identified regarding backdating, but <u>minimal exceptions were noted.</u></p>
Workpaper Reference: (or other method by which finding was identified)	<p>Penalty & Interest audit on-line worksheets reflecting 126 backdated property tax payments totaling \$654,081.35 Daily Deposit Proof Teller reports</p>
Condition: (Describe the current condition)	<p>Property tax payments are remitted via the U.S. mail or through other mail courier services, paid in person at the downtown or substation offices by cash, check, money order, or cashiers check, or paid online via credit card. Cash payments received by the tellers are counted in the presence of the payer. Tellers handling over-the-counter payments review payment documentation including tax statements presented by the taxpayer. The ACT system is accessed for receipting payments. Tax payments are posted to the correct account with an effective date that corresponds to the business date received. Computer receipts and any change from cash payments are provided to the customers by the tellers. Posting accuracy is very high.</p> <p>A large volume of mailed taxpayer payments are received towards the end of January each year. Payments postmarked prior to the delinquency date but not received until after January 31st, require special handling and posting with an effective date of January 31st for payments posted in February. Most mail payments are processed through the Remittance Processing System (RPS). Other mail payments are processed by tellers and other staff within the Property Tax Section. Mismatched payment coupons are generally detected to prevent unclear payments posted to the wrong account(s). Misapplied payments may trigger refunds to be issued in error or accounts to reflect past due balances.</p> <p>Successful credit card payments (from Internet applications) are uploaded to ACT through an established interface process using date of payment. Occasionally, payments may be rejected by ACT requiring research by Tax Office staff to resolve. Other Internet credit card payments may appear to be completed and provide a confirmation number to the payer, but not process successfully to the issuing card bank.</p> <p>The ACT system contains system functionality that allows delinquency dates to be established for original certified rolls and supplemental processing. Calculated tax base levy balances due are reflected in ACT, including any unpaid penalty and interest, and other fees. Certain user rights/roles allow backdating of payment effective dates. Tellers infrequently backdate payments including at the direction of supervisor personnel. Circumstances may warrant backdating, but weaknesses in review process allow backdating absent valid statutory authority.</p>
Criteria: (Describe the optimal)	<p>Standard accounting and system control procedures require daily reconciliation and balancing of collected funds with receipts promptly issued for the amount of funds tendered, all funds</p>



<p>condition)</p>	<p>received properly secured, and deposited consistent with state law.</p> <p>Management review of payment reports especially with respect to backdating payments should occur testing all payment date overrides in accordance with statute. Assigned duties for cash controls are adequately separated.</p> <p>E-Commerce requires information processing controls to test that transactions completed through computerized applications are valid, properly authorized, and completely and accurately processed and reported.</p> <p>According to V.T.C.A., L.G.C., § 130.003. PAYMENT CONDITIONAL. (a) The acceptance of a check or credit card invoice for the payment of a fee or tax does not constitute payment of the tax of fee. The fee or tax is not considered paid until the check is honored by the bank on which the check is drawn or the credit card invoice is honored by the issuer.</p> <p>According to Tax Code, § 1.06. EFFECT OF WEEKEND OR HOLIDAY. If the last day for the performance of an act is a Saturday, Sunday, or legal state or national holiday, the act is timely if performed on the next regular business day.</p> <p>According to Tax Code, § 1.07. DELIVERY OF NOTICE. c) A notice permitted to be delivered by first-class mail by this section is presumed delivered when it is deposited in the mail. This presumption is rebuttable when evidence of failure to receive notice is provided.</p> <p>According to Tax Code, § 1.08. TIMELINESS OF ACTION BY MAIL. When a property owner is required by this title to make a payment or to file or deliver a report, application, statement, or other document or paper by a specified due date, his action is timely if:</p> <ol style="list-style-type: none"> (1) it is sent by regular first-class mail, properly addressed with postage prepaid; and (2) it bears a post office cancellation mark of a date earlier than or on the specified due date and within the specified period or the property owner furnishes satisfactory proof that it was deposited in the mail on or before the specified due date and within the specified period. <p>According to Tax Code, § 31.01. TAX BILLS. (a) Except as provided by Subsections (f) and (i-1), the assessor for each taxing unit shall prepare and mail a tax bill to each person in whose name the property is listed on the tax roll and to the person's authorized agent. The assessor shall mail tax bills by October 1 or as soon thereafter as practicable.</p> <p>(g) Except as provided by Subsection (f) of this section, failure to send or receive the tax bill required by this section does not affect the validity of the tax, penalty, or interest, the due date, the existence of a tax lien, or any procedure instituted to collect a tax.</p> <p>According to Tax Code, § 31.02. DELINQUENCY DATE. (a) Except as provided by Subsection (b) of this section and by Sections 31.03 and 31.04 of this code, taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.</p> <p>According to Tax Code, § 31.06. MEDIUM OF PAYMENT. (a) Except as provided by Section 31.061, taxes are payable only as provided by this section. A collector shall accept United States currency or a check or money order in payment of taxes and shall accept payment by credit card or electronic funds transfer.</p> <p>(b) Acceptance by a collector of a check or money order or of payment by credit card constitutes payment of a tax as of the date of acceptance if the check, money order, or credit</p>
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	card invoice is duly paid or honored. If the check, money order, or credit card invoice is not duly paid or honored, the collector shall deliver written notice of nonpayment to the person who attempted payment by check, money order, or credit card. Until payment is made in full by cash or by a check, money order, or credit card that is duly paid or honored, the lien securing payment of the tax remains in effect, whether or not the person receives notice of nonpayment.				
Cause: (Describe the cause of the condition if possible)	Large volume of payments during peak tax season. Taxpayer reliance on confirmation number rather than credit card statement as payment verification.				
Effect: (Describe or quantify any adverse effects)	Risk errors in assessing Penalty & Interest.				
Recommendation: (Describe corrective action)	Continue management review and staff training. Payment posting procedures should include: <ul style="list-style-type: none"> • Property tax levies, penalties and interest, and other fees are properly assessed, collected, and receipted to the correct tax account based on state law and contractual obligations. • Backdating functionality within ACT is limited to supervisory staff with adequate documentation retained to support backdated payment postings or authorized for tellers on an exception basis during peak tax season. 				
Responsible Department or Organization:	Tax Office				
Management's Response:	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	Respondent:	Shirley Jacobson, Chief Deputy TAC	Date: July 18, 2011
Comments:	This should be noted as a general observation rather than a finding or weakness. The Tax Office does not consider 126 payments backdated, out of the hundreds of thousands that are posted, to be excessive, but rather part of what we do. The county, or any other entity, did not lose any funds as penalties and interest are only revenue if they are appropriately delinquent as was not the case here or the penalties would not have been waived. All waivers of P&I are properly researched. The circumstances are then evaluated by management. The Tax Code is reviewed and weighed by both literal and practical applications before making exceptions. After careful review and consideration, each account is notated as to why any penalties are waived. In addition, any documents relating to these decisions are kept on file for two years in the Tax Office. Account Master access is limited to Management and certain authorized personnel, with said access being periodically reviewed by the IT Manager. A Cashier Supervisor reviews the nightly closing deposit report for unauthorized voids and posting errors.				
Disposition:	<input checked="" type="checkbox"/> Audit Report		<input type="checkbox"/> Oral Comment		<input type="checkbox"/> Deleted From Consideration

County Auditor



Dallas County, Texas

Finding/Observation Number: 2010-TD-01-A2
Date: October 6, 2010
Audit: Tax Office – FY 10
Auditor(s) Assigned: WM

Finding/Observation:	ACT System Processing Refund research revealed incomplete conversion of detailed historical payment data from UGSA to ACT.		
Workpaper Reference: (or other method by which finding was identified)	Review of refunds greater than \$5,000 During research of a refund payment totaling \$25,037.21, it was noted that each historical customer payment could not be traced to a specific taxpayer's account in ACT.		
Condition: (Describe the current condition)	During the 2008 system conversion from the UGSA system to the ACT system, UGSA information was loaded into ACT. Tax Office IT staff and LGBS IT staff used system control totals to validate and balance data migrated to ACT. Converted UGSA payment transactions are recorded in ACT under the Deposit Status screen. One instance was noted where four separate customer tax payments did not completely convert from UGSA to ACT as separate transactions. Three of four customer tax payments were readily identifiable and traced to ACT, but one payment for \$16,961.37, check #1872, dated 1/28/2005, could not be identified in the ACT system.		
Criteria: (Describe the optimal condition)	Quality assurance practices test for conversion accuracy and allow for manual correction of identified anomalies.		
Cause: (Describe the cause of the condition if possible)	Incomplete testing of converted data.		
Effect: (Describe or quantify any adverse effects)	Additional staff time to research converted payment details in the historical UGSA database.		
Recommendation: (Describe corrective action)	Continue corrective action plan monitoring ACT data. Information processing controls should be developed and monitored to help ensure that transactions completed through computerized applications are valid, properly authorized, and completely and accurately processed and reported.		
Responsible Department or Organization:	Tax Office LGBS		
Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent: Shirley Jacobson, Chief Deputy TAC Date: July 18, 2011
Comments:	System conversion occurred in 2008 and was pushed without full testing and completion prematurely under a previous elected official. The Auditor's Office was in full agreement at the time of conversion and fully aware of conversion issues that may occur. The DCTO continue to meet weekly with ACT programmers to keep everyone up-to-date on the ACT system. A substantial portion of all conversion issues have already been resolved and a few remaining issues will require individual research and/or time to resolve completely. We will		



	continue to report conversion problems and request enhancements to the system until such time as they are all completely resolved. DCTO staff is dedicated to researching these issues fully and takes great care and detail in making sure the citizens of Dallas County receive the quality of work they deserve.		
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration



Finding/Observation Number: 2010-TD-01-A3
Date: December 30, 2010
Audit: Tax Office
Auditor(s) Assigned: MB & DW

<p>Finding/Observation:</p>	<p>ACT System processing for property tax and collection Review of approximately 11,300 levy adjustments revealed material compliance with limited exceptions noted including:</p> <ul style="list-style-type: none"> • Historic exemption incorrectly processed for one Downtown PID account for Tax Year 2008 resulting in a refund to the taxpayer on May 08, 2009 including \$30,917.20 for this transaction <p>DCAD property value lawsuit settlements:</p> <ul style="list-style-type: none"> • Over \$4.6 million in reduced taxable levy from agreed judgments for entity Dallas County processed for tax year 2009 <ul style="list-style-type: none"> ○ Agreed judgment levy adjustments are posted manually to ACT to expedite processing time and satisfy statutory refund time constraints
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>Review of manual levy adjustments found in the Jan'11 AR007-A ACT report Desk review, monthly meetings with Tax Office DCAD jurisdiction reports</p>
<p>Condition: (Describe the current condition)</p>	<p>Appraisal districts submit electronic files for monthly supplemental levy adjustments, deed and address changes (8 appraisal districts). Tax Office IT staff review, balance, and load the supplemental files for processing to ACT. However, certain levy adjustments including agreed judgments are processed manually to ACT by designated staff due to the time sensitivity of action required. Therefore, process of subsequent adjustments that decrease the taxable levy requires careful review to prevent a refund if the accounts have been previously paid in full.</p> <p>Monthly supplemental and adjustment roll reports reflect changes to value, exemptions, taxable value, levy receivable etc. but are not reviewed by management to validate manual adjustments are accurate, complete, or appropriate.</p> <p>Automated levy adjustment processed on May 2, 2009 resulted in erroneous historic exemption added to a Downtown PID account. In July 2010, the DCTO removed the Tax Year 2008 historic exemption, and sent the taxpayer a tax statement for the additional property tax owed after the exemption was determined to be incorrect for the PID. In January 2011, DCTO management decided to process a manual levy adjustment placing the 2008 historic exemption back on the account.</p> <p>Updates to ACT have been implemented so exemptions added to one jurisdiction are not added to all jurisdictions.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Information processing controls should be developed and monitored to help ensure that transactions completed through computerized applications are valid, properly authorized, and completely and accurately processed and reported.</p> <p>Sec. 11.24. HISTORIC SITES. The governing body of a taxing unit by official action of the body adopted in the manner required by law for official actions may exempt from taxation part or all of the assessed value of a structure or archeological site and the land necessary for access to and use of the structure or archeological site, if the structure or archeological site is:</p>



- (1) designated as a Recorded Texas Historic Landmark under Chapter 442, Government Code, or a state archeological landmark under Chapter 191, Natural Resources Code, by the Texas Historical Commission; or
- (2) designated as a historically or archeologically significant site in need of tax relief to encourage its preservation pursuant to an ordinance or other law adopted by the governing body of the unit.

Sec. 25.23. SUPPLEMENTAL APPRAISAL RECORDS. (a) After submission of appraisal records, the chief appraiser shall prepare supplemental appraisal records listing:

- (1) each taxable property the chief appraiser discovers that is not included in the records already submitted, including property that was omitted from an appraisal roll in a prior tax year;
- (2) property on which the appraisal review board has not determined a protest at the time of its approval of the appraisal records; and
- (3) property that qualifies for an exemption under Section 11.13(n) that was adopted by the governing body of a taxing unit after the date the appraisal records were submitted.

(b) Supplemental appraisal records shall be in the form prescribed by the comptroller and shall include the items required by Section 25.02 of this code.

(c) As soon as practicable after determining the appraised value of a property listed in supplemental appraisal records, the chief appraiser shall deliver the notice required by Section 25.19, if applicable, and submit the records for review and determination of protest as provided by Section 25.22.

(d) Supplemental appraisal records are subject to review, protest, and appeal as provided by Chapters 41 and 42 of this code. However, a property owner must file a notice of protest within 30 days after the date notice is delivered as required by Section 25.19. If a property owner files a notice of protest, the appraisal review board shall hear and determine the protest within 30 days after the filing of the protest or as soon thereafter as practicable. If a property owner does not file a protest within the protest deadline, the appraisal review board shall complete its review of the supplemental appraisal records within 30 days after the protest deadline or as soon thereafter as practicable.

(e) The chief appraiser shall add supplemental appraisal records, as changed by the appraisal review board and approved by that board, to the appraisal roll for the district and certify the addition to the taxing units.

Sec. 25.25. CORRECTION OF APPRAISAL ROLL. (a) Except as provided by Chapters 41 and 42 of this code and by this section, the appraisal roll may not be changed.

(b) The chief appraiser may change the appraisal roll at any time to correct a name or address, a determination of ownership, a description of property, multiple appraisals of a property, or a clerical error or other inaccuracy as prescribed by board rule that does not increase the amount of tax liability. Before the 10th day after the end of each calendar quarter, the chief appraiser shall submit to the appraisal review board and to the board of directors of the appraisal district a written report of each change made under this subsection that decreases the tax liability of the owner of the property. The report must include:

- (1) a description of each property; and
- (2) the name of the owner of that property.

(c) The appraisal review board, on motion of the chief appraiser or of a property owner, may direct by written order changes in the appraisal roll for any of the five preceding years to correct:

- (1) clerical errors that affect a property owner's liability for a tax imposed in that tax year;
- (2) multiple appraisals of a property in that tax year; or
- (3) the inclusion of property that does not exist in the form or at the location described in the



	<p>appraisal roll.</p> <p>(d) At any time prior to the date the taxes become delinquent, a property owner or the chief appraiser may file a motion with the appraisal review board to change the appraisal roll to correct an error that resulted in an incorrect appraised value for the owner's property. However, the error may not be corrected unless it resulted in an appraised value that exceeds by more than one-third the correct appraised value. If the appraisal roll is changed under this subsection, the property owner must pay to each affected taxing unit a late-correction penalty equal to 10 percent of the amount of taxes as calculated on the basis of the corrected appraised value. Payment of the late-correction penalty is secured by the lien that attaches to the property under Section 32.01 and is subject to enforced collection under Chapter 33. The roll may not be changed under this subsection if:</p> <p>(1) the property was the subject of a protest brought by the property owner under Chapter 41, a hearing on the protest was conducted in which the property owner offered evidence or argument, and the appraisal review board made a determination of the protest on the merits; or</p> <p>(2) the appraised value of the property was established as a result of a written agreement between the property owner or the owner's agent and the appraisal district.</p> <p>(e) If the chief appraiser and the property owner do not agree to the correction before the 15th day after the date the motion is filed, a party bringing a motion under Subsection (c) or (d) is entitled on request to a hearing on and a determination of the motion by the appraisal review board. A party bringing a motion under this section must describe the error or errors that the motion is seeking to correct. Not later than 15 days before the date of the hearing, the board shall deliver written notice of the date, time, and place of the hearing to the chief appraiser, the property owner, and the presiding officer of the governing body of each taxing unit in which the property is located. The chief appraiser, the property owner, and each taxing unit are entitled to present evidence and argument at the hearing and to receive written notice of the board's determination of the motion. A property owner who files the motion must comply with the payment requirements of Section 42.08 or forfeit the right to a final determination of the motion.</p> <p>(f) The chief appraiser shall certify each change made as provided by this section to the assessor for each unit affected by the change within five days after the date the change is entered.</p> <p>(g) Within 45 days after receiving notice of the appraisal review board's determination of a motion under this section, the property owner or the chief appraiser may file suit to compel the board to order a change in the appraisal roll as required by this section.</p> <p>(h) The appraisal review board, on the joint motion of the property owner and the chief appraiser filed at any time prior to the date the taxes become delinquent, shall by written order correct an error that resulted in an incorrect appraised value for the owner's property.</p> <p>(i) A person who acquires property after January 1 of the tax year at issue is entitled to file any motion that this section authorizes the person who owned the property on January 1 of that year to file, if the deadline for filing the motion has not passed.</p> <p>(j) If during the pendency of a motion under this section the ownership of property subject to the motion changes, the new owner of the property is entitled to proceed with the motion in the same manner as the property owner who filed the motion.</p> <p>(k) The chief appraiser shall change the appraisal records and school district appraisal rolls promptly to reflect the detachment and annexation of property among school districts under Subchapter C or G, Chapter 41, Education Code.</p> <p>(l) A motion may be filed under Subsection (c) regardless of whether, for a tax year to which the motion relates, the owner of the property protested under Chapter 41 an action relating to the value of the property that is the subject of the motion.</p> <p>(m) The hearing on a motion under Subsection (c) or (d) shall be conducted in the manner</p>
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provided by Subchapter C, Chapter 41.

(n) After a chief appraiser certifies a change under Subsection (b) that corrects multiple appraisals of a property, the liability of a taxing unit for a refund of taxes under Section 26.15(f), and any penalty or interest on those taxes, is limited to taxes paid for the tax year in which the appraisal roll is changed and the four tax years preceding that year.

(o) The failure or refusal of a chief appraiser to change an appraisal roll under Subsection (b) is not:

- (1) an action that the appraisal review board is authorized to determine under this section;
- (2) an action that may be the subject of a suit to compel filed under Subsection (g);
- (3) an action that a property owner is entitled to protest under Section 41.41; or
- (4) an action that may be appealed under Chapter 42.

Sec. 26.15. CORRECTION OF TAX ROLL.

(d) Except as provided by Subsection (e) of this section, if a correction in the tax roll that changes the tax liability of a property owner is made after the tax bill is mailed, the assessor shall prepare and mail a corrected tax bill in the manner provided by Chapter 31 of this code for tax bills generally. He shall include with the bill a brief explanation of the reason for and effect of the corrected bill.

(e) If a correction that increases the tax liability of a property owner is made after the tax is paid, the assessor shall prepare and mail a supplemental tax bill in the manner provided by Chapter 31 of this code for tax bills generally. He shall include with the supplemental bill a brief explanation of the reason for and effect of the supplemental bill. The additional tax is due on receipt of the supplemental bill and becomes delinquent if not paid before the delinquency date prescribed by Chapter 31 of this code or before the first day of the next month after the date of the mailing that will provide at least 21 days for payment of the tax, whichever is later.

In accordance with City of Dallas resolutions and ordinances, Section 1 states, "That the City Council in accordance with the Assessment Plan shall apportion the costs of the services and improvements to be assessed against property in the District on the basis of special benefits accruing to the property. The proposed method of assessment, which specifies included or excluded classes of assessable property, is based on the value of the real property and real property improvement as determined by the Dallas Central Appraisal District. Public rights-of-way and certain City of Dallas properties are exempt from assessment. "

In accordance with City of Dallas resolutions and ordinances, Section 7 states, "That the City Council finds that the assessments should be made and levied against the respective parcels of property within the District and against the owners thereof and are substantially in proportion to the benefits to the respective parcels of property by means of the services and improvements in the District for which such assessments are levied, and further finds that in each case the property assessed is specially benefited by means of the said services and improvements in the District, and further finds that the apportionment of costs of the services and improvements is in accordance with the law in force in this City and the State and in the proceedings of the City heretofore held with reference to the formation of the District and the imposition of assessments for said services and improvements are in all respects valid and regular."

In accordance with City of Dallas resolutions and ordinances, Section 8 states, "That there shall be and is hereby levied and assessed against the parcels of property within the District, and against the real and true owners thereof (whether such owners be correctly named or not), the sums of money as listed in the Assessment Roll on file with the City Secretary and subject



	to public inspection, and the several amounts assessed against the same, and the owners thereof.”		
	PID Exemption Acknowledgment letter on 11/17/2010.		
Cause: (Describe the cause of the condition if possible)	System error		
Effect: (Describe or quantify any adverse effects)	Loss of revenue to the Downtown PID in the amount of \$30,917.20. Requires higher level supervisor review and more intensive training sessions to provide adequate safeguards regarding billings and refunds.		
Recommendation: (Describe corrective action)	Continue corrective action plan monitoring ACT data and processing updates. Periodic review by supervisory personnel to determine accuracy and timeliness of levy adjustments.		
Responsible Department or Organization:	Tax Office LGBS DCAD		
Management’s Response:	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	Respondent: Shirley Jacobson, Chief Deputy TAC
			Date: 8-8-11
Comments:	<p>Historic PID exemption – PIDs are an assessed fee and not a tax. Traditionally PIDs did not grant exemptions. We reviewed our PID records to find that some PIDs were receiving exemptions through supplemental while others were not exempted. After getting an attorney opinion we were told that a PID can elect to grant exemptions. We sent letters to each PID administrator for a clarification of each PID and its allowable exemptions. After receiving the results of the letters, it was determined that the lack of prior communication from the PID administrators did not qualify for a supplemental billing for previous years. The accounts were billed accounts for 2010 forward. An annual review of the PID accounts will be conducted prior to sending the yearly statements.</p> <p>Agreed Judgments – Prior to the 2010 tax year agreed judgments were handled manually to ensure that we met our statutory obligations. Prior to 2010 our refund and supplemental process suffered from process delays which would have left the County libel for interest on pending refunds. After substantial programming and process improvements we are able to wait for the automated supplement of agreed judgment accounts. These adjustments are reviewed immediately following the supplemental process and prior to refunds being issued. The lost levy is a direct result of lowered values through the litigation process administered by the appraisal districts. We feel that this finding is immaterial due to the nature of the function and lack of error in the process.</p>		
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration

County Auditor



Dallas County, Texas

Finding /Observation Number: 2010-TD-01-B1
Date: December 31, 2010
Audit: Tax Office
Auditor(s) Assigned: DW

<p>Finding/Observation:</p>	<p>Accounting/Reconciliation A review of 69 refund checks processed (erroneous/overpayment refund over \$5,000) revealed 6 checks initialed rejected by audit with 3 of the six checks subsequently approved by audit for processing (or 4.3% exception rate). Status: One rejected check was voided / cancelled with partial balance applied to unpaid taxes. One rejected check was voided / cancelled, re-issued after receipt of approval by the original payer to remit to another party, and submitted for separate approval by Commissioners Court for refund applications exceeding three years after the overpayment in accordance with Tax Code 31.11 (c) and (c-1). One rejected check was not released to the payee (remained outstanding as of 8/31/2011. Tax Office to void 11/2/2011) and was not submitted for approval Commissioners Court.</p> <p>Reasons for question include:</p> <ul style="list-style-type: none"> • Insufficient supporting documentation • Refunds processed with tax/penalty/interest/legal fee amounts owing on other delinquent taxpayer accounts(s) • Application for refund not dated within three years of over/erroneous payment • Refund payable to other than the payer of the original over/erroneous payment • Separate Commissioners Court approval needed
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>Weekly refund review of 69 requests totaling \$828,599.51 for refunds greater than \$5,000 for calendar year 2010.</p>
<p>Condition: (Describe the current condition)</p>	<p>Refunds exceeding \$5,000 (new statutory amount effective January 1, 2010) requiring Commissioners Court approval are flagged separately in the ACT system for processing. ACT Report 304 is run daily for overpayments in entity bucket 8001. Refund section clerks review and research accounts noting payer entitled to receive the refund with updates to ACT. Refund section management has been working with Internal Audit to resolve issues with questioned refunds as observed and within the timeframe for Commissioner’s Court authorization.</p> <p>Refund letters/applications are automatically sent on erroneous/over payments exceeding \$5. Upon receipt (returned refund applications are consistently signed and include supporting documentation with exceptions noted) of a signed (duplicate payments are automatically refunded without an application required) application for erroneous or over payments, refund clerks update account flags allowing overpayment to be processed through an ACT batch file to generate a refund check from the TaxLedge system. After batches are selected for process in TaxLedge and refund checks printed, data is sent back to ACT updating account records to reflect the refund check number and amount.</p> <p>Each refund check that exceeds \$5,000 (new statutory amount effective January 1, 2010) is listed on a form and provided weekly with a copy of the check and limited supporting documentation to the Internal Audit section for review. Additional follow-up action by the Tax Office may be required prior to the presentment of the listing to Commissioners Court for</p>



	approval and subsequent release or cancellation of the check. Refund procedures were updated by Tax Office management in February 2010 and incorporated into the Tax Office Processing and Procedures Guide under Section 'Overpayment Refunds'. The guide includes a step by step listing of ACT screen names and actions required including a flowchart of timelines.				
Criteria: (Describe the optimal condition)	<p>Texas Property Tax Code Sec. 31.11 (a) states that the collector may not make a refund, unless the governing body also determines that the payment was erroneous or excessive and approves the refund if the amount of the refund exceeds \$5,000.</p> <p>Texas Property Tax Code Sec. 31.111 (c) states that the collector shall inform the auditor of each appropriate taxing unit of refunds of duplicate payments made during the preceding month.</p> <p>Texas Property Tax Code Section 31.11 (g) – If a taxpayer submits a payment of taxes that exceeds by \$5 or more the amount of taxes owed for a tax year to a taxing unit, the collector for the taxing unit, without charge, shall mail to the taxpayer or the taxpayer’s representative a written notice of the amount of the overpayment accompanied by a refund application form.</p>				
Cause: (Describe the cause of the condition if possible)	Incomplete research/review				
Effect: (Describe or quantify any adverse effects)	N/A				
Recommendation: (Describe corrective action)	<p>Supervisory staff should continue enhanced refund procedures by:</p> <ul style="list-style-type: none"> • Testing adherence with Property Tax Code Section 31.11(a), (g) and Sec 31.111 (c). • Confirming taxpayer’s other accounts to verify property taxes are not delinquent. • Continuing quality control procedures to ensure that notifications are sent out to taxpayers accurately and timely. 				
Responsible Department or Organization:	Tax Office				
Management’s Response:	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	Respondent:	Shirley Jacobson, Chief Deputy TAC	Date: 8-5-11
Comments:	<p>This finding is not applicable and no records of the three refunds exist. There are no unresolved (erroneous/overpayment refunds over \$5,000) that Audit has in its possession that have been submitted from the Tax Office. The refund process that was updated in February 2010 continues to safeguard and streamline the processes for the Tax Office and Audit. The audit supervisor is adding value to the process compared to the previous reviewers. Per conversation with the audit supervisor, the finding should be changed. We respectfully request that the finding be deleted from this report.</p> <p>Audit comment: Deficiencies in internal control exist when preventative or corrective processes are not fully vetted with normal operating processes.</p>				
Disposition:	<input checked="" type="checkbox"/> Audit Report		<input type="checkbox"/> Oral Comment		<input type="checkbox"/> Deleted From Consideration

County Auditor



Dallas County, Texas

Finding/Observation Number: 2010-TD-01-B2
Date: September 30, 2010
Audit: Tax Office
Auditor(s) Assigned: DW

<p>Finding/Observation:</p>	<p>Accounting/Reconciliation - Unclaimed Funds Over 3 Years Old - Property Tax Refund Account (Fund 715) – material compliant with statutes with uniform processing procedures and management review.</p> <p>A review of 5,184 outstanding refund checks as of September 30, 2010 from the Property Tax Refund bank account (Fund 715) revealed:</p> <ul style="list-style-type: none"> • 483 checks over three years old and less than \$100, totaling \$16,301.23, and • 532 checks over three years old and greater than \$100, totaling \$692,490.64, have not been researched for reissuing to the applicable party and/or escheating to the County Treasurer or State Comptroller.
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>Review of the outstanding check list kept by the Tax Office</p>
<p>Condition: (Describe the current condition)</p>	<p>Data source for Account 715 disbursement activity includes: overpayments or erroneous payments, duplicate payments, and levy adjustments. Deposits are a result of reconciliations and wire transfer from Account 714.</p> <p>Refund batch files are created in ACT pending creation/printing of refund checks from the Tax Ledge system. Basis for refunds include: overpayments or erroneous payments, duplicate payments, and appraisal district levy adjustments. After batches are selected for processing in Tax Ledge, preliminary payment register reports are reviewed by Accounting section staff. On approval, payment register reports (Dallas County Bank Register) are printed from the Tax Ledge system and final data is systemically sent back to ACT updating account records to reflect the check number and amount. Subsequently, checks are mailed to the corresponding payees.</p> <p>Bank reconciliations are completed monthly with supervisory sign-off. 1,015 checks greater than three years old remain outstanding without research for escheatment to the County or State.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Best practices regarding cash control require that:</p> <ul style="list-style-type: none"> • Disbursements and cancellations should be timely and accurately posted to subsidiary systems. Fund balances must be reconciled against control records and bank statements. Assigned cash handling duties are separated. • Reports and refund requests should be reviewed on an ongoing basis and disbursements should be made to the appropriate parties in a timely manner. • The outstanding check list should be periodically reviewed and researched for checks that have been outstanding for three or more years in accordance with unclaimed property statutes, V.T.C.A., Property Code, § 72 and § 76. <p>Tax Ledge reports and ACT system postings should accurately reflect corresponding disbursement information {payee, check number, check date, and amount(s)} printed on refund checks through the Tax Ledge system.</p> <p>In accordance with Tax Code, Sec. 31.11. REFUNDS OF OVERPAYMENTS OR ERRONEOUS PAYMENTS, c) Except as provided by Subsection (c-1), an application for a refund must be made within</p>



	<p>three years after the date of the payment or the taxpayer waives the right to the refund. A taxpayer may apply for a refund by filing:</p> <p>(1) an application on a form prescribed by the comptroller by rule; or</p> <p>(2) a written request that includes information sufficient to enable the collector and the auditor for the taxing unit and, if applicable, the governing body of the taxing unit to determine whether the taxpayer is entitled to the refund.</p> <p>(c-1) The governing body of the taxing unit may extend the deadline provided by Subsection (c) for a single period not to exceed two years on a showing of good cause by the taxpayer.</p> <p>Sec. 31.111. REFUNDS OF DUPLICATE PAYMENTS. (a) The collector of a taxing unit who determines that a person erred in making a payment of taxes because the identical taxes were paid by another person shall refund the amount of the taxes to the person who erred in making the payment.</p> <p>(b) A refund under Subsection (a) shall be made as soon as practicable after the collector discovers the erroneous payment. The refund shall be accompanied by a description of the property subject to the taxes sufficient to identify the property. If the property is assigned an account number, the collector shall include that number.</p> <p>(c) Each month, the collector shall inform the auditor of each appropriate taxing unit of refunds of taxes made under Subsection (a) during the preceding month.</p>				
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>A review of outstanding checks for the escheat process is not being performed on a yearly basis.</p>				
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Potential unrecognized County revenue. Penalties from the State for not following escheat statutes may be assessed if not corrected.</p>				
<p>Recommendation: (Describe corrective action)</p>	<p>Escheat analysis and stale dating should be managed in accordance with the Tax Code and unclaimed property statutes, V.T.C.A., Property Code, § 72 and § 76. (see website: http://www.window.state.tx.us/up/forms.html)</p>				
<p>Responsible Department or Organization:</p>	<p>Tax Office</p>				
<p>Management's Response:</p>	<table border="1"> <tr> <td><input type="checkbox"/> Agree</td> <td><input checked="" type="checkbox"/> Disagree</td> <td>Respondent: Shirley Jacobson, Chief Deputy TAC</td> <td>Date: July 12, 2011</td> </tr> </table>	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	Respondent: Shirley Jacobson, Chief Deputy TAC	Date: July 12, 2011
<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	Respondent: Shirley Jacobson, Chief Deputy TAC	Date: July 12, 2011		
<p>Comments:</p>	<p>The Tax Office is continually researching and reviewing unclaimed refunds for potential write-off. On June 27, 2011, a check No. 436483 was written payable to the Dallas County General Fund in the amount of \$754,739.80, representing outstanding stale dated refund checks over three years old. DCTO will continue to research these unclaimed funds and remit them to the General Fund as time permits and under appropriate circumstances.</p>				
<p>Disposition:</p>	<table border="1"> <tr> <td><input checked="" type="checkbox"/> Audit Report</td> <td><input type="checkbox"/> Oral Comment</td> <td><input type="checkbox"/> Deleted From Consideration</td> </tr> </table>	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration	
<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration			



Finding / Observation Number: 2010-TD-01-C1a
 Date: December 31, 2010
 Audit: Tax Office
 Auditor(s) Assigned: SO

<p>Finding / Observation:</p>	<p>Security – cash and technology Review of daily close out reports and deposit transactions for the Motor Vehicle section revealed management involvement and routine follow-up:</p> <ul style="list-style-type: none"> • Eighteen shortages totaling \$778.59 (\$706.42 cash and \$72.17 check) for tax year 2010; of those, \$679.90 was internal shortages from the cage greater than \$10. Status: Funds were recovered, except for \$98.69 • Sixteen transactions totaling \$95.05 were internal cage shortages of less than \$10. Status: Funds were recovered except for \$20 • Four cash deposit shortages totaling \$336, notification by the bank. Status: The bank paid \$120. The rest remains unrecovered as of this report date. • Thirteen counterfeit bill bank debit corrections totaling \$880 for the fiscal year 2010.
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>Review of cash shortages greater than \$5, monthly audit work.</p>
<p>Condition: (Describe the current condition)</p>	<p>The Tax Office has written cash handling procedures for property tax and motor vehicle sections for the downtown and substation locations. Shortages over \$5 must be paid back by the clerks.</p> <p>Throughout the day, as the clerks make “money drops” or require change, the clerks count the amount of money being dropped and hand it to the cage cashier. The cage cashier counts the money received and runs a tape which is signed by the clerk and attached to the individual “drop ticket” for each clerk. The “drop ticket” is kept in the cage. If the “money drop” made by the clerk is short and is not detected by the cage at the time, it becomes the cage shortage.</p> <p>When the clerks need change, the cage cashier counts the bills and coins requested in front of the clerk and the clerk re-counts the change received. The dual counting and verification by the cage cashier and the clerks of the funds tendered are meant to prevent errors from the clerk or the cage cashier.</p> <p>Cash received from the public is tested by the clerks using a counterfeit bill detection pen. Most genuine bills that have been transformed from a lower denomination to a higher one have a “washed” or altered appearance.</p> <p>At the end of the day, the cage cashier sorts cash by bill type and runs a tape with no more than 100 bills per stack. The change is placed into a coin envelope and a tape is also run. After closing, each clerk counts the cash in their individual drawer and keeps \$100 (change fund) for starting the next day. The property tax clerks balance the daily activity for the day from the ACT system to the tapes run for cash and checks. The motor vehicle clerks balance to the RTS system. The cage cashier separately aggregates the activities for property tax and motor vehicle, and balances to the cage fund. The cash is picked by the armored service the next day for direct delivery to the bank, and the checks are picked by the County’s courier and delivered to the RPS section for encoding and depositing.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Standard accounting and system control procedures require daily reconciliation and balancing of collected funds.</p> <p>Receipts should be promptly issued for the amount of funds tendered, correct change given to customer, all funds received properly secured, and deposited consistent with state law.</p> <p>Dallas County Code Section 74-692 should be followed at all times which indicates the County Auditor’s Office will be notified immediately (within one day) of any out of balance conditions for purposes of identifying and substantiating any shortages which may subsequently require</p>



	indemnification.				
Cause: (Describe the cause of the condition if possible)	Unknown				
Effect: (Describe or quantify any adverse effects)	Loss of revenue for Dallas County.				
Recommendation: (Describe corrective action)	<p>Proper cash handling procedures should include:</p> <ul style="list-style-type: none"> • Reinforce internal cage activities and controls through training to avoid unidentified shortages between the cage and the clerks. • Cash tendered should be counted in the presence of the person prior to the generation of the receipt. The amount on the receipt should be confirmed with payments tendered less change due prior to issuing the receipts to the customer. Change due should be counted in the presence of the customer. • Legal written amount and numeric amount on checks should be compared for agreement to amount due. • Cash closeouts should be reconciled to deposits/funds collected. • Clerk shortages should be promptly paid back, to avoid losses to the County. • Staff should be properly trained in the detection of counterfeit bills at the point of acceptance using counterfeit bill detection pens and visual inspection. • The County Auditor's office should be notified immediately (within one day) of any out of balance conditions for purpose of identifying and substantiating any shortages which may subsequently require indemnification. 				
Responsible Department or Organization:	Tax Office				
Management's Response:	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	Respondent:	Shirley Jacobson, Chief Deputy TAC	Date: July 18, 2011
Comments:	<p>These shortages consist of almost exactly the same numbers as last year – again representing an error ratio of .0038% out of the hundreds of thousands of transactions that are processed annually. The Tax Office feels this is more than an acceptable error ratio for handling cash and checks in the large amounts that we receive – human error will always occur. Again, we feel this should be an observation instead of a finding and proves what an efficient operation the Tax Office runs. The \$880 in counterfeit bills is a lesser amount than 2009 and the pens are used but they do not work when a real \$5 bill is turned into a larger bill. Procedures on cash and check handling have recently been updated and managers address issues with employees when errors are made. Again, the instances are low compared to the large number of transactions processed.</p>				
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration		



Jan 11/11

Finding / Observation Number: 2010-TD-01-C1b
Date: December 31, 2010
Audit: Tax Office
Auditor(s) Assigned: MB

<p>Finding / Observation:</p>	<p>Security – cash and technology Review of daily close out reports and deposit transactions for the Property Tax section revealed material compliance with the following noted:</p> <ul style="list-style-type: none"> • Eighteen shortages totaling \$1,589.70 (\$787.90 cash and \$800 check) through fiscal year 2010 Status: All funds were recovered from employees or taxpayers, and/or located • Seventeen overages totaling \$671.85 (\$658.72 cash and \$13.13 check) through fiscal year 2010 • One unrecovered cash shortage totaling \$880.00 Status: Referred to the Sheriff for investigation. Employee was terminated. • Property tax payment was short for \$1,864.93 on 1/20/2010. Status: Payment was reversed on 1/25/2010 and the levy was collected for tax years 2007 and 2008 on a later date.
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>Review of cash shortages/overages greater than \$10</p>
<p>Condition: (Describe the current condition)</p>	<p>The Tax Office has written cash handling procedures for property tax and motor vehicle sections for the downtown and substation locations. Shortages over \$5 must be paid back by the clerks.</p> <p>Throughout the day, as the clerks make “money drops” or require change, the clerks count the amount of money being dropped and hand it to the cage cashier. The cage cashier counts the money received and runs a tape which is signed by the clerk and attached to the individual “drop ticket” for each clerk. The “drop ticket” is kept in the cage. If the “money drop” made by the clerk is short and is not detected by the cage at the time, it becomes the cage shortage.</p> <p>When the clerks need change, the cage cashier counts the bills and coins requested in front of the clerk and the clerk re-counts the change received. The dual counting and verification by the cage cashier and the clerks of the funds tendered are meant to prevent errors from the clerk or the cage cashier.</p> <p>Cash received from the public is tested by the clerks using a counterfeit bill detection pen. Most genuine bills that have been transformed from a lower denomination to a higher one have a “washed” or altered appearance.</p> <p>At the end of the day, the cage cashier sorts cash by bill type and runs a tape with no more than 100 bills per stack. The change is placed into a coin envelope and a tape is also run. After closing, each clerk counts the cash in their individual drawer and keeps \$100 (change fund) for starting the next day. The property tax clerks balance the daily activity for the day from the ACT system to the tapes run for cash and checks. The cage cashier balances the property tax activity and the cage fund. The cash is picked by the armored service the next day, and the checks are delivered to the RPS section for encoding and depositing.</p> <p>Managers notate the clerk and over/short amount on a Property Tax Summary Report as the instances occur.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Standard accounting and system control procedures require daily reconciliation and balancing of collected funds.</p> <p>Receipts should be promptly issued for the amount of funds tendered, correct change given to customer, all funds received properly secured, and deposited consistent with state law.</p> <p>Dallas County Code Section 74-692 should be followed at all times which indicates the County Auditor’s Office will be notified immediately (within one day) of any out of balance conditions for</p>



	purposes of identifying and substantiating any shortages which may subsequently require indemnification.				
Cause: (Describe the cause of the condition if possible)	Unknown				
Effect: (Describe or quantify any adverse effects)	Financial risks for both Dallas County and the taxpayer.				
Recommendation: (Describe corrective action)	Continue management review to mitigate potential losses.				
Responsible Department or Organization:	Tax Office				
Management's Response:	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	Respondent:	Shirley Jacobson, Chief Deputy TAC	Date: July 18, 2011
Comments:	<p>These shortages consist of almost exactly the same numbers as last year – again representing an error ratio of .0038% out of the hundreds of thousands of transactions that are processed annually. The Tax Office feels this is more than an acceptable error ratio for handling cash and checks in the large amounts that we receive – human error will always occur. Again, we feel this should be an observation instead of a finding and proves what an efficient operation the Tax Office runs. Procedures on cash and check handling have recently been updated and managers address issues with employees when errors are made. Again, the instances are low compared to the large number of transactions processed</p>				
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration		

June 11/11

County Auditor



Dallas County, Texas

Finding/Observation Number: 2010-TD-01-C2
Date: December 31,2010
Audit: Tax Office
Auditor(s) Assigned: DW & MB

Finding/Observation:	<p>Security – Cash and Technology Review of manual receipt books issued to the Tax Office and their distribution to the substations and to the different sections of the department revealed:</p> <ul style="list-style-type: none"> • Receipt books are not accounted for when distributed • One receipt reportedly provided to a customer as a duplicate receipt (neither white or pink copy retained)
Workpaper Reference: (or other method by which finding was identified)	Cash count audit of substations and discussions with Tax Office and substation management. Review of manual receipt books at the substations and follow-up review of issued manual receipts forwarded by the substations to the downtown office.
Condition: (Describe the current condition)	<p>Receipt books are obtained from the Supply Room inventory located in the George Allen, Jr. Courts building on request by the downtown Tax Office staff. The Supply Room keeps an inventory sheet with the date, receipt book numbers, department number, department name and total number of books given to each department. However, once received by the Tax Office, no listing is kept of the receipt book numbers as they are distributed to tax personnel or substations.</p> <p>Receipt books are locked in the cashier cages for safekeeping when not in use. The original copy of a manual receipt is issued to the customer with the second copy and daily work forwarded to the downtown office. Completed receipt books are retained by the substation.</p>
Criteria: (Describe the optimal condition)	<p>Best practices regarding receipt control procedures require that:</p> <ul style="list-style-type: none"> • All receipts are accounted for and properly used, kept in numeric order, have the corresponding computer receipt attached, and are posted and deposited properly, and timely in accordance with V.T.C.A., L.G.C. § 113.022. • Accounting and system control procedures require daily reconciliation and balancing of collected funds, including supervisory review. • Receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies.
Cause: (Describe the cause of the condition if possible)	Incomplete application of receipt control procedures and risk of improper receipting.
Effect: (Describe or quantify any adverse effects)	Decreased internal control and risk of improper receipting.
Recommendation: (Describe corrective action)	<p>Proper receipt procedures should include:</p> <ul style="list-style-type: none"> • Distribution and return of completed receipt books to/from substations should be controlled through recordkeeping procedures to include a tracking log of receipt books issued to and returned from the various offices or locations. • All manual receipts must be accounted for and properly used, kept in numeric order, have the corresponding computer receipt attached, posted properly and timely, and deposited in accordance with V.T.C.A., L.G.C. § 113.022.



	<ul style="list-style-type: none"> • Used and unused receipt books should be kept in a secure location and made available during the review. • Receipts should not be altered, but properly voided and affixed with a reason for the void with retention of all voided copies. Prevents potential assertion that monies were received and deposited • The supervisor should periodically review manual receipts issued for proper usage including the accuracy of amount receipted and proper voiding procedures. 				
Responsible Department or Organization:	Dallas County Tax Office				
Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent:	Shirley Jacobson, Chief Deputy TAC	Date: July 19, 2011
Comments:	Procedures will be documented and all personnel will be trained on the proper distribution and use of the receipt books. Copies of said procedures will be distributed to Audit.				
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration		

Jan 11/11

County Auditor



Dallas County, Texas

Finding/Observation Number: 2010-TD-01-C3
Date: April 14, 2011
Audit: Tax Office
Auditor(s) Assigned: DW & MB

Finding/Observation:	<p>Security – Cash and Technology Unprocessed checks from a mortgage company totaling approximately \$1.8 million intended for application to tax year 2008 levies on 1,167 property tax accounts were accounted for by Tax Office staff in December 2010 A spreadsheet prepared by the Tax Office note the account statuses as follows:</p> <ul style="list-style-type: none"> • 312 accounts listed as “Unpaid” • 776 accounts listed as “Refunds” • 79 accounts listed as “Bankruptcy” <p>Status: Research was completed and appropriate action was taken by the Tax Office staff.</p>
Workpaper Reference: (or other method by which finding was identified)	<p>Tax Office self-reporting The Tax Office created a spreadsheet of all affected accounts.</p>
Condition: (Describe the current condition)	<p>Mail received requiring a signature as proof of receipt comes into the Tax Office and is signed by Tax Office personnel. The mail is then taken to Property Tax personnel to be processed.</p> <p>Mortgage companies routinely deliver check payments using U.S. mail and Fed-Ex. One box received with payment for year 2008 taxes also included a form the Tax Office uses for mailing purposes on top obfuscating the inclusion of checks in the same box. In December 2010, the box was retrieved, opened, and processed.</p> <p>Each account was reviewed by Tax Office personnel for payment of 2008 property taxes. Research revealed some taxpayer property tax accounts were due refunds, the taxes were unpaid for others, and some were bankruptcies. The accounts with unpaid property taxes were given 21 days from the statement date to pay the property taxes without penalty and interest by the Tax Office.</p>
Criteria: (Describe the optimal condition)	<p>For efficient processing, mail received should be reviewed timely and logged with follow-up review / confirmation by a 2nd individual.</p> <p>Texas Property Tax Code:</p> <p>Sec. 1.08. Timeliness of Action by Mail. “When a property owner is require by this title to make a payment or to file a report, application, statement, or other document or paper before a specified date, his action is timely if:</p> <ol style="list-style-type: none"> (1) it is sent by regular first-class mail, properly addressed with postage prepaid; and (2) it bears a post office cancellation mark of a date earlier than the specified date and within the specified period or the property owner furnishes satisfactory proof that it was deposited in the mail before the specified date and within the specified period.
Cause: (Describe the cause of the	<p>Delivery form on top of checks contained in the same box resulted in inadvertent storage of the box without notice of checks inside.</p>



condition if possible)					
Effect: (Describe or quantify any adverse effects)	<ul style="list-style-type: none"> • Lost interest earnings and potential for unrecovered property tax payments for Dallas County and other entities • Inherent risks for delayed deposits include non-recovery of funds. Checks could be lost or stolen before being receipted. 				
Recommendation: (Describe corrective action)	Incoming mail that requires a signature should be thoroughly searched to ensure all checks are sent for processing. Mail handling procedures should be established including supervisory review of the process. Special confirmation / review of mortgage accounts with delinquent unpaid balances.				
Responsible Department or Organization:	Dallas County Tax Office				
Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent:	Shirley Jacobson, Chief Deputy TAC	Date: 7-18-11
Comments:	No comment necessary.				
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration		

County Auditor



Dallas County, Texas

Finding / Observation Number: 2010-TD-01-C4

Date: June 20, 2011

Audit: Tax Office

Auditor(s) Assigned: DW/TM

<p>Finding / Observation:</p>	<p>Security – cash and technology A review of 'List of the Users and Granted Roles' dated February 22, 2011 revealed:</p> <ul style="list-style-type: none"> • User Names and configuration settings required to support the Production instance include: <ul style="list-style-type: none"> ○ Law firm staff with rights to role, 'TAC'. Status: Connect was disabled. ○ User Name 'DC01' used by ACT programmers with complete system rights • Two instances of a Tax Office employee with two user IDs in the production instance with 'Connect' Status: Connect was disabled. • Several instances of Tax Office staff with granted roles that do not match their job functions creating a lack of segregation of duties including staff with cashing functionality and ability to change receivables • 81 'active' instances of LGBS staff with 'Inquiry' only access • 25 instances of LGBS staff with 'Cashier' and 'Clerk' access Status: Connect was disabled on five (5) of the users • 2 instances of LGBS staff with 'Cashier', 'Clerk', and 'Roll Maintenance' • One instance of Generic User Name 'CASHIERI_TEMP' with roles to Cashier, Clerk, perform Roll Maintenance, and Change Payment Paid Dates Response: Template used to create new User Ids with the same roles. • One instance of Generic User Name 'DA_TEMP' Response: Template used to create new User Ids with the same roles. • One instance of a DA employee terminated in December 2009 with 'Connect' Status: Connect was disabled. <p>Password conventions meet recommended standards such as:</p> <ul style="list-style-type: none"> • Eight (8) character length • Inclusion of at least one number • Inclusion of at least one special character • Mandatory change every 90 days
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>List of the Users and Granted Roles dated February 22, 2011</p>
<p>Condition: (Describe the current condition)</p>	<p>Numerous instances of unidentified user names and multiple generic LGBS user names. Some users were granted unnecessary rights in correlation with job functions/descriptions with initial install. Partial review and clean-up of 'role assignments' or 'user access' was conducted post go-live. Supervisors submit access requests to the Tax Office IT staff when new or promoted employees need access to ACT. Once the appropriate system rights/roles are determined a</p>



	<p>new User Name is created in ACT and a temporary password is assigned to the user. The new user is required to sign-on to ACT and create a new password which expires every 60 days.</p> <p>Tax Office IT staff rely on notifications from supervisors when employees are terminated or reassigned to other job functions not requiring access to ACT. Role 'Connect' is removed which prevents a user from accessing ACT.</p>			
<p>Criteria: (Describe the optimal condition)</p>	<p>Information processing controls should be developed and monitored to help ensure that transactions completed through computerized applications are valid, properly authorized, and completely and accurately processed and reported.</p> <p>Best practices for internal control require separation of assigned duties regarding cash controls. For automated systems, user access limits specific job functions. Controls include a review of access controls periodically with a predetermined authorized matrix that defines least privilege access levels and authority for an individual role with reference to job functions/responsibilities.</p> <p>Third party IT control of production environment should be based on approved policies and procedures established by the County. Support team accessing the system must use specific user ID (associated to assigned roles/rights) authorized by the County.</p>			
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Incomplete system security access matrix.</p>			
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Increased risk to system. Users with more rights than needed.</p>			
<p>Recommendation: (Describe corrective action)</p>	<p>Document and reinforce ongoing training requirements to comply with applicable laws and regulations for necessary system and control edits to produce accurate and reliable information.</p> <p>Review all rights and roles to ensure users have only the rights necessary to perform their core job functions. A proper segregation of duties reduces the risk of misappropriated funds.</p> <p>Review and update user's assignment for any users changing departments or positions to reflect current County responsibilities. Procedures should be in place to ensure user's roles are changed.</p> <p>Assignment of active users should be reviewed periodically (at least annually).</p> <p>Restrict law firm IT support team, including internal IT staff, from roles that grant rights to perform/update financial transactions and any other transactions not required for business needs in the production instance.</p> <p>Generate a report or query to capture all activity from generic user IDs and user IDs of non-IT law firm staff within the system that impacts financial data through transactions which create/update/change/delete records.</p> <p>Create a process to detect activity during off hours. The creation and monitoring of the tool (such as a report/query) should be independent of the support team.</p>			
<p>Responsible Department or Organization:</p>	<p>Tax Office</p>			
<p>Management's Response:</p>	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	<p>Respondent: Shirley Jacobson, Chief Deputy TAC</p>	<p>Date: July 12, 2011</p>
<p>Comments:</p>	<p>A recent clean-up was done by the Director of Tax Office IT and forwarded to Audit. Attached is the list again.</p>			
<p>Disposition:</p>	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration	



Finding/Observation Number: 2010-TD-01-F1
Date: December 31, 2010
Audit: Tax Office
Auditor(s) Assigned: SO

<p>Finding/Observation:</p>	<p>Non Property Tax Activity- Special Inventory (VIT Interest Earned and Expenditures) Interest earned on Special Inventory funds (Fund 718) in the amount of \$11,525 was used for expenses not directly related to the administration of the prepayment process during the 2010 calendar year.</p>
<p>Work paper Reference: (or other method by which finding was identified)</p>	<p>VIT check disbursements and supporting documentation.</p>
<p>Condition: (Describe the current condition)</p>	<p>Funds in the amount of \$11,525 were disbursed from VIT for travel, hotel stays, meals, conferences, education, facilities, etc., which were not directly related to the administration of the prepayment process during calendar year 2010.</p> <p>An escrow account was established by the County under Oracle General Ledger to process and record expenditures related to the prepayment process. Direct payroll expenditures for full-time positions devoted 100% to VIT are posted to this escrow account. Costs for part-time hours (allocation for full-time employees not devoted 100% to VIT) worked is journaled to the escrow account. Periodic transfers of interest earned from the Special Inventory Fund 718 account are made to cover the payroll expenditures. This account is seldom used by the Tax Office to pay other expenditures.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Property Tax Code Section 23.122 The funds may be used to defray the cost of administration of the prepayment procedure and may not be used for general office expenses of the assessor-collector unrelated to the cost of administering the program. (Also see AG opinions JC-348(2001); JC-0149 (1999); and DM-398 (1996).</p> <p>Local government code section 111.095 - SPECIAL FUNDS</p> <ul style="list-style-type: none"> (a) This section shall apply to all funds maintained and controlled by a county tax assessor-collector that are not included in the county budget. (b) At least 60 days before the first day of the county's fiscal year, the county tax assessor-collector shall prepare a budget for the expenditure of the funds during that fiscal year and file a copy of that budget with the county budget officer. The county budget officer shall make a copy of the budget filed with the budget officer available to the public at all reasonable times. The budget filed with the county budget officer is not subject to approval by the commissioner's court of the county, but any member of the public is entitled to speak for or against the budget during the county's budget process. Funds in the accounts under this section may be spent only in compliance with the budget filed with the county budget officer under this subsection. (c) Funds in the accounts under this section may not be used to supplement the salary or cover the personal expenses of the county tax assessor-collector. (d) The provisions of this section are cumulative with the provisions of other statutes pertaining to county funds. <p>Per Attorney General Opinion (JC-0149), Interest earned on VIT escrow accounts may not be used for expenses not related to administration of prepayment procedure. The determination as to whether and to what extent a particular purchase is a legitimate cost related to administration is for the Tax Assessor-Collector to make in first instance.</p>
<p>Cause: (Describe the cause of the)</p>	<p>Different statutory interpretation</p>



condition if possible)						
Effect: (Describe or quantify any adverse effects)	The special inventory account funds some general office expenditures of the Tax Office.					
Recommendation: (Describe corrective action)	<ul style="list-style-type: none"> • Correct any disbursement postings from the Special Inventory accounts for all expenses paid from Fund 718 not directly related to administering the prepayment process. • Process all authorized payments relevant to special inventory administration through the escrow account maintained in the county's general ledger. • Non – special inventory expenditures for professional development should be charged to the Tax Office DDA or county wide training fund as approved by Commissioners Court. • Annual VIT budgets submitted to OBE should include appropriations for all anticipated services, purchases, and activities related to the administration of the special inventory prepayment process. 					
Responsible Department or Organization:	Tax Office					
Management's Response:	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	Respondent:	Shirley Jacobson Chief Deputy TAC	Date:	July 18, 2011
Comments:	Decisions over the use of the funds in the VIT interest account are made by the Tax Assessor/Collector since this account is under his sole control per the Texas Tax Code. In addition, the Tax Office believes that all these expenses had a direct benefit to the VIT program and the employees involved in some portion of monitoring and/or maintaining VIT collections and disbursements.					
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration			

Jan 11/11

County Auditor



Dallas County, Texas

Finding/Observation Number: 2010-TD-01-F2
Date: September 30, 2010
Audit: Tax Office
Auditor(s) Assigned: DW

Finding/Observation:	<p>Non property tax activity- Unclaimed Funds Over 3 Years Old – VIT Acct 718 A review of 120 outstanding checks/unclaimed funds totaling \$57,546.88 from the Special Inventory (VIT) 718 bank account as of 9/30/2010 revealed:</p> <ul style="list-style-type: none"> • 76 checks over three years old and less than \$100, totaling \$1,843.20, and • 29 checks over three years old and greater than \$100, totaling \$33,640.61, have not been researched for disbursing to the applicable party and/or escheating to the County Treasurer or State Comptroller.
Workpaper Reference: (or other method by which finding was identified)	Review of the outstanding check list kept by the Tax Office
Condition: (Describe the current condition)	<p>Data source for Account 718 disbursement activity includes: refunds for dealerships, VIT reports, management requests for disbursement of earned VIT interest (for equipment, conference expenses, software, payroll, etc.), and distribution of motor vehicle inventory tax allocation to governmental entities.</p> <p>Refunds to dealers – After all motor vehicle inventory tax payments are made to the taxing jurisdictions, funds which remain undisbursed from each dealer’s escrow is researched. If a refund is warranted, a refund request is submitted by the VIT clerk to Accounting. Accounting will review the request and print the refund checks from HCS as necessary.</p> <p>Expenditures – Interest earned on funds in the Special Inventory (VIT) 718 bank account can be used in accordance with statute to offset Tax Office costs of the prepayment process. Requests and supporting documentation from Tax Office management are submitted to Accounting with a request to issue a check for the required amount. Accounting will review the request and print the check from HCS.</p> <p>105 checks for both refunds and miscellaneous expenditures are outstanding over three years without research for escheatment to the state or county. Details are included in the Account 718 bank reconciliation.</p>
Criteria: (Describe the optimal condition)	<p>Best practices regarding cash control require that:</p> <ul style="list-style-type: none"> • Disbursements and cancellations should be timely and accurately posted to the VIT system. Fund balances must be reconciled against control records and bank statements. Assigned cash handling duties are separated. • Overpayment and pending distribution reports should be reviewed on a periodic basis and disbursements should be made to the appropriate parties in a timely manner. • The outstanding check list should be periodically reviewed and researched for checks that have been outstanding for three or more years in accordance with unclaimed property statutes, V.T.C.A., Property Code, § 72 and § 76.
Cause: (Describe the cause of the condition if possible)	A review of outstanding checks for the escheat process is not being performed on a yearly basis.
Effect: (Describe or quantify any adverse effects)	Penalties from the State for not following escheat statutes may be assessed if not corrected.
Recommendation:	Escheat analysis and stale dating should be managed in accordance with unclaimed property



(Describe corrective action)	statutes, V.T.C.A., Property Code, § 72 and § 76. (see website: http://www.window.state.tx.us/up/forms.html)				
Responsible Department or Organization:	Tax Office				
Management's Response:	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	Respondent:	Shirley Jacobson, Chief Deputy TAC	Date: July 12, 2011
Comments:	The Tax Office continues to review and research outstanding unclaimed funds over three years old and will write-off said funds once this review and research is complete.				
Disposition:	<input checked="" type="checkbox"/> Audit Report		<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration	



June 11 11

Finding/Observation Number: 2010-TD-01-F3
Date: February 28, 2011
Audit: Tax Office
Auditor(s) Assigned: SO

<p>Finding/Observation:</p>	<p>Non Property Tax Activity Review of subcontractor weekly work of motor vehicle renewal registrations for 2009 thru February 2011 revealed:</p> <ul style="list-style-type: none"> • Various gaps in the weekly export date sequence of work submitted by the subcontractors
<p>Work paper Reference: (or other method by which finding was identified)</p>	<p>Review of the subcontractors' database and system generated documents. Gaps noted include:</p> <ul style="list-style-type: none"> • Seven weeks of work either missing or unaccounted for • Nine weeks of work either missing or unaccounted for • Seven weeks of work either missing or unaccounted for • Two weeks of work either missing or unaccounted for • One week of work either missing or unaccounted for • Approximately five months of work not accounted for
<p>Condition: (Describe the current condition)</p>	<p>When DOT changed from sticker books to the POS system for vehicle registration decals, a control database was designed, using the reports generated by the POS. The purpose of the database was to provide information on the subcontractors' sales, maintain control over the work submitted, and allow quick identification of those subcontractors that were not submitting their work on a timely basis.</p> <p>For each subcontractor's work received and processed through the RTS, a "final" report and an "input" report is generated. The "final" report has the dollar amount processed through the RTS. The "input" report captures the dates from the previous export of the work by the subcontractor to the current one. Any days not shown in the input report indicate missing work. The database maintains a running record for each subcontractor, showing the date the work is processed by the Tax Office, number of stickers sold during the period, export period being processed, sales dates in the export period, and dollar amount of stickers sold.</p> <p>Designated motor vehicle employees did not completely maintain the database and did not follow-up with the subcontractors with gaps in their export date sequences.</p> <p>An expanded, time consuming, and labor intensive process would be required to determine if gaps in the export sequence pertain to stickers that have been sold by the subcontractors but not remitted to the Tax Office; or if the work was received and processed by the Tax Office but never posted in the database because it was lost or misplaced prior to updating the database.</p> <p>The POS only keeps information in the laptops for 60 days.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Information processing controls should be developed and monitored to help ensure that transactions completed through computerized applications are valid, properly authorized, and completely, accurately, and timely processed and reported.</p>
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Changes in staff, misunderstanding of controls regarding database functionality and its objective, and other work priorities.</p>



Effect: (Describe or quantify any adverse effects)	Potential shortage to Account 710 if registration renewals are processed on RTS without corresponding payments received from the subcontractors. When subcontractors do not submit their work timely, it delays the receipt and posting of transactions to the RTS and financial systems and customer registrations may incorrectly appear expired. Alternative reviews or trouble shooting require significant staff time and effort to reconstruct subcontractor activity and provide supporting documentation to the subcontractors that the work was not submitted since the POS only keeps information in the laptops for 60 days.			
Recommendation: (Describe corrective action)	POS registration renewal procedures should include: <ul style="list-style-type: none"> • Develop written procedures and provide training to MV staff responsible for subcontractor registration renewal activity • Maintain the subcontractors' database current; updates should be made as soon as possible after the work has been processed through the RTS • Use the export dates in the database to identify the subcontractors who are missing work and need to be followed up within 60 days while the data is available in the laptops • Submit billings to subcontractors with missing work and consider removal of subcontractors with frequent export date gaps • Implement ongoing supervisory oversight including periodic onsite testing of subcontractor assigned laptops 			
Responsible Department or Organization:	Tax Office			
Management's Response:	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	Respondent: Shirley Jacobson, Chief Deputy TAC	Date: 8-4-11
Comments:	The DCTO agrees with this audit finding. This important process did not receive the attention it was warranted. Too many different employees were involved and appropriate oversight of the process wasn't performed. Written procedures are being developed and reviewed with appropriate management and personnel. Dedicated personnel have been assigned to this process. The supervisor responsible for this task will begin doing an update into the database spreadsheet to log in the work from the subcontractors on a daily basis, immediately follow-up on any missing work and make a notation if there is a reason for a missing report, e.g. no work done by the subcontractor that day, laptops down, etc. We never have billed subcontractors with missing work and will not do that in the future. The subcontractor payment channel is an important one for the citizens of Dallas County and we would rather work through any issues we have with the subcontractors than bill them for errors. The TxDMV is in the process of moving the subcontractors from a laptop to a web-based product which would eliminate any onsite visits that we have needed to make in the past.			
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration	

County Auditor



Dallas County, Texas

Finding / Observation Number: 2010-TD-01-F4
Date: September 30, 2010
Audit: Tax Office
Auditor(s) Assigned: AT

<p>Finding / Observation:</p>	<p>Non property tax activity – Unclaimed Funds Over 3 Years Old – Motor Vehicle Accounts A review of 2,385 outstanding checks/unclaimed funds from the Registration, Title, and Sales Tax 710 bank account revealed:</p> <ul style="list-style-type: none"> • 1528 checks over three years old and less than \$100, totaling \$48,203.74, and • 168 checks over three years old and greater than \$100, totaling \$83,370.31, have not been researched for reissuing/dispersing to the applicable party and/or escheating to the County Treasurer or State Comptroller. <p>Prior year Outstanding checks carried over to Account 710 from closed substation bank accounts totaling \$5,787.82 have not been escheated to the County Treasurer or State Comptroller.</p>
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>Review of the outstanding check list kept by the Tax Office</p>
<p>Condition: (Describe the current condition)</p>	<p>Data source for Account 710 disbursement activity includes: weekly refunds for vehicle registrations, Remittance Processing System (RPS) refunds, overpayment refunds, postage payments to Pitney Bowes, invoices from UPS, employee refunds, etc.</p> <p>On a monthly basis, Accounting downloads an electronic file formatted to Excel that reflects details (payee, check number, check amount, and date) of the disbursement. The electronic disbursement file is used by a Tax Office accountant to complete monthly bank reconciliations.</p> <p>1,693 checks are outstanding over three years old without research for escheatment to the state or county.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Best practices regarding cash control require that:</p> <ul style="list-style-type: none"> • Disbursements and cancellations should be timely and accurately posted to subsidiary systems. Fund balances must be reconciled against control records and bank statements. Assigned cash handling duties are separated. • Reports and refund requests should be reviewed on an ongoing basis and disbursements should be made to the appropriate parties in a timely manner. • The outstanding check list should be periodically reviewed and researched for checks that have been outstanding for three or more years in accordance with unclaimed property statutes, V.T.C.A., Property Code, § 72 and § 76.
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>Unaware of unclaimed property statutes applicability.</p>
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Penalties from the State for not following escheat statutes may be assessed if not corrected.</p>
<p>Recommendation: (Describe corrective action)</p>	<p>Escheat analysis and stale dating should be managed in accordance with unclaimed property statutes, V.T.C.A., Property Code, § 72 and § 76. (see website: http://www.window.state.tx.us/up/forms.html)</p>
<p>Responsible Department</p>	<p>Tax Office</p>

County Auditor



Dallas County, Texas

or Organization:					
Management's Response:	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	Respondent:	Shirley Jacobson, Chief Deputy TAC	Date: July 12, 0211
Comments:	The Tax Office continues to review and research outstanding unclaimed funds over three years old and will write-off said funds once this review and research is complete.				
Disposition:	<input checked="" type="checkbox"/> Audit Report	<input type="checkbox"/> Oral Comment	<input type="checkbox"/> Deleted From Consideration		

June 11/11

County Auditor



Dallas County, Texas

Finding/Observation Number: 2010-TD-01-F5
Date: September 30, 2010
Audit: Tax Office
Auditor(s) Assigned: DW

Finding / Observation:	Non property tax activity- Unclaimed Funds Over 3 Years Old For Fund 719 (Suspense/undisbursed) Account. A review of seven outstanding checks/unclaimed funds from the suspense /undisbursed account revealed: <ul style="list-style-type: none"> • Two checks over three years old and less than \$100, totaling \$105.01 and • Five checks over three years old and greater than \$100, totaling \$2,245.43, have not been researched for reissuing /disbursing to the applicable party and /or escheating to the County Treasurer or State Comptroller.
Workpaper Reference: (or other method by which finding was identified)	Review of the outstanding check list kept by the Tax Office
Condition: (Describe the current condition)	Checks received from trustees for bankruptcy proceedings are deposited to the Undisbursed Funds account 719 pending a breakdown of distribution by property tax account. After the required information is received, the property tax clerk handling bankruptcy activity requests that Accounting transfer the funds from the Undisbursed Funds account 719 to the Property Tax account 714 to correspond to the receipt postings to ACT. Periodically, restitution is received on old criminal cases related to improper handling of registration stickers by former employees. Funds generally remain undisbursed for extended periods. Disbursements and postings to the identified RTS vehicle registration accounts were limited. Restitution funds exceed identified accounts by over \$11,000. Bank reconciliations are completed monthly with supervisory sign-off. However, aged recon items are not cleared timely. Seven checks outstanding greater than three years without research for escheatment to the state or county.
Criteria: (Describe the optimal condition)	Best practices regarding cash control require that: <ul style="list-style-type: none"> • Overpayment, restitution, and pending distribution reports should be reviewed on a periodic basis and disbursements should be made to the appropriate parties in a timely manner. • The outstanding check list should be periodically reviewed and researched for checks that have been outstanding for three or more years in accordance with unclaimed property statutes, V.T.C.A., Property Code, § 72 and § 76.
Cause: (Describe the cause of the condition if possible)	Unaware of unclaimed property statutes applicability.
Effect: (Describe or quantify any adverse effects)	Penalties from the State for not following escheat statutes may be assessed if not corrected.
Recommendation: (Describe corrective action)	Escheat analysis and stale dating should be managed in accordance with unclaimed property statutes, V.T.C.A., Property Code, § 72 and § 76. (see website: http://www.window.state.tx.us/up/forms.html)
Responsible Department or Organization:	Tax Office

County Auditor



Dallas County, Texas

Management's Response:	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	Respondent:	Shirley Jacobson, Chief Deputy TAC	Date:	July 12, 2011
Comments:	The Tax Office continues to review and research outstanding unclaimed funds over three years old and will write-off said funds once this review and research is complete.					
Disposition:	<input checked="" type="checkbox"/> Audit Report		<input type="checkbox"/> Oral Comment		<input type="checkbox"/> Deleted From Consideration	

County Auditor



Dallas County, Texas

Finding/Observation Number: 2010-TD-01-F6
Date: September 30, 2010
Audit: Tax Office
Auditor(s) Assigned: DW

<p>Finding/Observation:</p>	<p>Non property tax activity- Unclaimed Funds Over 3 Years Old – Beer & Wine Account A review of five outstanding checks / unclaimed funds and beer and wine applications without State approval as of September 30, 2010 from Beer & Wine bank Account (Fund 713) revealed:</p> <ul style="list-style-type: none"> • Two checks over three years old and less than \$100, totaling \$91.50 and • Three checks over three years old and greater than \$100, totaling \$832.50, have not been researched for reissuing/disbursing to the applicable party and /or escheating to the County and Treasurer or State • Old beer and wine renewal application fees exceeding \$38,000 without State approval for permit issuance
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>Review of the outstanding check list kept by the Tax Office</p>
<p>Condition: (Describe the current condition)</p>	<p>Beer and wine renewal permit applications are processed by the Tax Office downtown location. This type of permit cannot be renewed more than 30 days in advance of the expiration date. A late fee in the amount of \$100 will be added if the renewal is between the 1st and 30th day following the renewal date. Renewal fees including both State and County fees are received by the special handling area of the Tax Office and deposited into the Beer & Wine bank Account (Fund 713). Renewal documentation is sent to the Texas Alcoholic Beverage Commission (TABC) for approval. Once the renewal is approved by TABC, a monthly report/invoice by County is prepared by TABC. The monthly report/invoice is used by the Tax Office to determine the amount to remit to TABC and to Dallas County. <u>Some renewal applications are never approved by TABC with funds remaining in the Beer & Wine bank Account (Fund 713) without refund and/or disbursement to Dallas County or TABC.</u></p> <p>Bank reconciliations are completed monthly with supervisory sign-off. However, aged recon items are not cleared timely. Five checks outstanding greater than three years without research for escheatment to the state or county.</p>
<p>Criteria: (Describe the optimal condition)</p>	<p>Best practices regarding cash control require that:</p> <ul style="list-style-type: none"> • Overpayment and pending distribution reports should be reviewed on a periodic basis and disbursements should be made to the appropriate parties in a timely manner. • The outstanding check list should be periodically reviewed and researched for checks that have been outstanding for three or more years in accordance with unclaimed property statutes, V.T.C.A., Property Code, § 72 and § 76. <p><i>Texas Alcoholic Beverage Code</i> §11.38. Local Fee Authorized. (a) The governing body of a city or town may levy and collect a fee not to exceed one-half the state fee for each permit issued for premises located within the city or town. The commissioners court of a county may levy and collect a fee equal to one-half of the state fee for each permit issued for premises located within the county. Those authorities may not levy or collect any other fee or tax from the permittee except general ad valorem taxes, the hotel occupancy tax levied under Chapter 351, Tax Code, and the local sales and use tax levied under Chapter 321, Tax Code.</p>



	<p>§61.36. Local Fee Authorized. (a) The governing body of an incorporated city or town may levy and collect a fee not to exceed one-half of the state fee for each license, except a temporary or agent's beer license, issued for premises located within the city or town. The commissioners court of a county may levy and collect a fee equal to one-half the state fee for each license, except a temporary or agent's beer license, issued for premises located within the county. Those authorities may not levy or collect any other fee or tax from the licensee except general ad valorem taxes, the hotel occupancy tax levied under Chapter 351, Tax Code, and the local sales and use tax levied under Chapter 321, Tax Code.</p> <p>§11.09. Expiration or Suspension of Permit. (a) A permit issued under this code expires on the second anniversary of the date it is issued, except as provided by Subsections (d) and (e) or another provision of this code. Notwithstanding Section 5.50(b), the commission shall double the amount of fees and surcharges otherwise applicable under this code for a permit with a two-year term.</p> <p>§61.03. Expiration or Suspension of License. (a) Except as provided by Subsections (d) and (e) or another provision of this code, any license except a branch, importer's, importer's carrier's, or temporary license expires on the second anniversary of the date on which it is issued. Notwithstanding Section 5.50(b), the commission shall require double the amount of fees and surcharges otherwise applicable under this code for a license with a two-year term.</p> <p><i>TABC Administrative Rules</i></p> <p>§33.25. Alcoholic Beverage License and Permit Fees and Surcharges. (a) This rule implements the provisions of §§5.50, 11.09 and 61.03 of the Texas Alcoholic Beverage Code (Code). Section 5.50 authorizes the Texas Alcoholic Beverage Commission (commission) by rule to assess surcharges on all applicants for original or renewal certificate, permit, or license issued by the commission. Sections 11.09 and 61.03 of the Code authorize the commission to issue a license or permit for a two-year term and double the amount of the fees established for each license or permit by the Code or a rule of the commission, and surcharges established in §33.23 of this chapter (relating to Alcoholic Beverage License and Permit Surcharges).</p>
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>A review of outstanding checks and unprocessed funds for the escheat process is not being performed on a yearly basis.</p>
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Penalties from the State for not following escheat statutes may be assessed if not corrected.</p>
<p>Recommendation: (Describe corrective action)</p>	<p>A management plan should be developed and implemented to periodically review the outstanding check lists and unprocessed renewal collections in order to reissue/disburse/refund to the applicable party.</p> <p>Escheat analysis and stale dating should be managed in accordance with unclaimed property statutes, V.T.C.A., Property Code, § 72 and § 76. (see website: http://www.window.state.tx.us/up/forms.html)</p>
<p>Responsible Department or Organization:</p>	<p>Tax Office</p>

County Auditor



Dallas County, Texas

Management's Response:	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	Respondent:	Shirley Jacobson, Chief Deputy TAC	Date:	July 12, 2011
Comments:	The Tax Office continues to review and research outstanding unclaimed funds over three years old and will write-off said funds once this review and research is complete.					
Disposition:	<input checked="" type="checkbox"/> Audit Report		<input type="checkbox"/> Oral Comment		<input type="checkbox"/> Deleted From Consideration	



Jan 11 11

Finding / Observation Number: 2010-TD-01-F7
Date: May 5, 2011
Audit: Tax Office
Auditor(s) Assigned: DW

<p>Finding / Observation:</p>	<p>Non-property tax activity – MV Sales Tax Remittances A review of all motor vehicle sales tax wire transfers revealed:</p> <ul style="list-style-type: none"> • Wire transfers to the state for motor vehicle (MV) sales tax transactions were not made in accordance with Tax Code, § 152.121(a) (3) or daily as collected. • Standard Tax Office practice is for settlement of the sales tax collections to take place from five to ten business days after the effective RTS receipts date to allow for corrections. 															
<p>Workpaper Reference: (or other method by which finding was identified)</p>	<p>Comparison of the remittances due for sales tax revenues with the date that the Tax wired the funds to the State Comptroller.</p>															
<p>Condition: (Describe the current condition)</p>	<p>The Tax Office sends MV sales tax collections to the state on a daily basis, but not as collected. To allow for corrections and cleared funds / available bank ledger balance, daily remittances and settlements pertain to collections from the previous six to seven business days (after the effective RTS receipt date). The following are examples:</p> <table border="1" data-bbox="548 905 1495 1062"> <thead> <tr> <th><u>RTS Receipt date</u></th> <th><u>Settlement date</u></th> <th><u>Amount remitted</u></th> </tr> </thead> <tbody> <tr> <td>January 22</td> <td>February 1</td> <td>\$ 989,039.60</td> </tr> <tr> <td>April 2</td> <td>April 12</td> <td>\$ 919,750.05</td> </tr> <tr> <td>July 9</td> <td>July 19</td> <td>\$ 977,123.91</td> </tr> <tr> <td>August 12</td> <td>August 20</td> <td>\$1,078,509.71</td> </tr> </tbody> </table>	<u>RTS Receipt date</u>	<u>Settlement date</u>	<u>Amount remitted</u>	January 22	February 1	\$ 989,039.60	April 2	April 12	\$ 919,750.05	July 9	July 19	\$ 977,123.91	August 12	August 20	\$1,078,509.71
<u>RTS Receipt date</u>	<u>Settlement date</u>	<u>Amount remitted</u>														
January 22	February 1	\$ 989,039.60														
April 2	April 12	\$ 919,750.05														
July 9	July 19	\$ 977,123.91														
August 12	August 20	\$1,078,509.71														
<p>Criteria: (Describe the optimal condition)</p>	<p>Tax Code Sec. 152.121 (a) (3). TAX SENT TO COMPTROLLER. The County Tax Assessor-Collector shall send the moneys collected from taxes and penalties imposed by this chapter to the Comptroller daily (as collected) if during the last preceding state fiscal year \$10 million or more of taxes and penalties imposed by this chapter was collected by the office of the county tax assessor-collector. Sec. 152.041. GENERAL COLLECTION PROCEDURE. (a) The tax assessor-collector of the county in which an application for registration or for a Texas certificate of title is made shall collect taxes imposed by this chapter, subject to Section 152.0412, unless another person is required by this chapter to collect the taxes. Sec. 152.0411. COLLECTION BY SELLERS. (a) Except as provided by this section, a seller who makes a sale subject to the sales tax imposed by Section 152.021 shall add the amount of the tax to the sales price, and when the amount of the tax is added: (1) it is a debt of the purchaser to the seller until paid; and (2) if unpaid, it is recoverable at law in the same manner as the original sales price. (b) The seller shall collect the tax from the purchaser and remit it to the tax assessor-collector in the time and manner provided by law.</p>															
<p>Cause: (Describe the cause of the condition if possible)</p>	<p>N/A</p>															
<p>Effect: (Describe or quantify any adverse effects)</p>	<p>Incorrect interest allocations State and County.</p>															
<p>Recommendation: (Describe corrective action)</p>	<p>The Tax Office should establish a review process regarding timely wire transfers without jeopardizing cash flow. The Tax Office should consider seeking legislative changes to enact less restrictive remittance deadlines.</p>															
<p>Responsible Department or</p>	<p>Tax Office</p>															



Organization:					
Management's Response:	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	Respondent:	Shirley Jacobson Chief Deputy TAC	Date: July 18, 2011
Comments:	The Tax Office does remit funds daily to the Comptroller's office and have always opted for a 4/5 day delay to allow for corrections. The State Comptroller's office has never had a problem with this practice and has recently conducted it's own audit not citing this as an issue. The Tax Office will continue to follow this practice which we consider to be the best business decision.				
Disposition:	<input checked="" type="checkbox"/>	<input type="checkbox"/> Oral Comment	<input type="checkbox"/>		