

**Timothy J. Hicks, CPA**  
Dallas County Auditor



500 Elm Street  
Suite 4200  
Dallas, TX 75202

Tel: (214) 653-6472  
Fax: (214) 653-6440

Honorable John R. Ames, CTA  
Tax Assessor - Collector  
Dallas, Texas

**RE: FINAL AUDIT REPORT FY2025 Property Tax Envelope Review for Tax Year 2024**

The Dallas County Auditor's Office Internal Audit Division performed procedures for the period Property Tax payments received after January 31, 2024, for the tax year 2024 with a postmark date before or on January 31, 2024.

The objectives of the engagement were to determine whether:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over the safeguarding of assets

Overall Results

Payments for Tax Year 2024 were backdated without retaining sufficient supporting documents.

We appreciate the cooperation of the department and the staff during our review. If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

*Timothy J. Hicks, CPA*

Timothy J. Hicks, CPA  
County Auditor

ISSUED: 6/30/2025  
RELEASED: JULY 22, 2025

## REPORTABLE FINDINGS

### ISS.25-IA-Tax-81.01 Backdated Payments:

We reviewed supporting documentation for 300 backdated property tax payments received after January 31, 2024, for tax year 2024. The following was revealed:

- Envelopes and supporting documentation were unavailable for 24 backdated payments that were processed through automatic mail machine.
- The original postmarked envelope was not retained for eight backdated payments, which were received through the mail and manually processed.

A subsequent statistical sample of 265 of the 8,867 remittance sequences identified in the FY2024 Summary of Deposit Proof Tax Unit Reports was selected. This review revealed:

- Penalties and interest were not collected on 28 transactions, with a net variance amount of \$16,617 (12% of the sampled transactions), for which the postmarked envelope was not uploaded to ACT.

#### Suggested Actions

- Maximize the usage of the remittance processing system, which is capable of scanning the postmark envelope along with payment record for audit trail.
- Review to ensure sufficient supporting documentation exists and is retained for backdated delinquent payments in accordance with local retention schedules.
- Review departmental procedures to ensure consistent practices in the backdating of payments.

#### Management Action Plan

The Tax Office processes payments as required by the Tax Code and backdates property tax receipts only when appropriate, consistent with controlling statutes, including Tax Code Section 1.08. Circumstances for backdating include review of postmarks and are dictated by the specific circumstances of each affected transaction. Routinely, there is a seasonal in-flow of property tax payments received just at, or right before the statutory deadlines for making timely payments under state law. Mail that is postmarked timely, but which is delivered to the Tax Office after January 31st, can often exceed 50,000 - 75,000 pieces, and each piece of mail must be reviewed for January 31st postmarks. These envelopes are kept up by the Property Tax Division for approximately six months to ensure the proper postmark dates were used. Further, payments which are sent by express mail (FedEx, UPS, or other overnight carriers), are not scanned, however the envelope date is verified when received.

## REPORTABLE FINDINGS

- While the Tax Office is proud of the efficient processing and remittance of funds daily to the taxing entities of Dallas County, during this peak period and through the first week of February, it is not uncommon to receive more than 45% of the payments that are received during the entire year. As a result, it can take several additional days to physically process all the mail that is delivered to the Tax Office at the end of January.
  - Directly related to this mass in-flow of last-minute mail delivered from the postal service, it is also not unusual for mail containing property tax payments to be log-jammed, misdirected, or otherwise delivered untimely or without a postmark at all. When timely mailing can be confirmed by postmark, the taxpayer receives the benefit of backdating. When there is no postmark, but the envelope is included in a tray of mail that has valid postmarks, the Tax Office honors the check date or tray's postmark date. Beyond the postal delivery challenges, the sheer mechanics of processing such as large volume of incoming payments by mail in a compressed time frame, utilizing limited resources, also necessitates other backdating in compliance with statutes and with managerial review per Tax Office procedures.
  - Tax Office staff are not authorized, nor allowed, to backdate receipts or payments without just cause. In instances where penalty and interest is not collected for reasons other than a postmark, the Tax Office makes every attempt to attach documentation from the taxpayer, mortgage company, agent, bank or law firm and to note the account, after manager approval and review.
  - The Texas Property Tax Code requires that a payment be accepted as of the postmark date. Tax Office business practices require that both the postmark (receipt) date, and the processed (deposit) date are reflected in the ACT system.
- As it relates to the 28 payments identified by the Auditor, there was no lost revenue to any taxing jurisdiction.

cc: Darryl Martin, County Administrator