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

RE: FINAL AUDIT REPORT **Tax Office SIT, Acct, and Misc Audit FY2024**

The Dallas County Auditor's Office Internal Audit Division performed procedures for the period October 1, 2023, through September 30, 2024.

The objectives of the engagement were to:

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

Overall Results

A review of the financial records and operational processes of the Tax Office's Special Inventory Tax (SIT) for the fiscal year 2024 identified outstanding refund checks not escheated timely and SIT expenditures not allocated accurately.

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

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ISSUED: 8/26/2025
RELEASED: SEPTEMBER 22, 2025

REPORTABLE FINDINGS

ISS 25-IA-Tax-70-01 SIT Expenditures:

A review of all fiscal year 2024 SIT Fund 731 expenditures identified that SIT expenditures related to travel and training are not allocated between the Property Tax and Motor Vehicle divisions.

Suggested Actions

- Ensure all supporting documentation is appropriately approved and maintained
- Utilize cost-allocation to ensure all expenditures are reimbursed appropriately

Management Action Plan

- The Tax Office submits an SIT budget to the OBE annually. The SIT budget expenses are only used for expenses directly related to Tax Office Training and Development, and to Tax Office Operations, which strengthens the entire SIT collection program.
- The SIT Program encompasses all areas of the Tax Office. These expenses are not separated utilizing a cost-allocation method between Tax Office Divisions, as none of the operating budget line items for the Tax Office are allocated between the Tax Office Divisions. This would be an inconsistent and inefficient business practice, and one that is not required by the Budget Office, Property Tax Code, Comptroller's Office, or legislatively.

ISS 25-IA-Tax-70-02 Fund 718 Outstanding Refund Balance:

A review of 24 outstanding checks totaling $7,958 from Fund 718 as of September 30, 2024, identified:

- Fifteen checks over three years old and $100 or less, totaling $238*, have not been escheated to the County Treasurer.
- Three checks over three years old, greater than $100, totaling $5,124*, have not been escheated to the State Comptroller.

***Amounts calculated based on the State Comptroller's March 1st cut-off date.*

Status: All 18 outstanding checks were voided in the system on May 29, 2025; as of June 30, 2025, funds have not been escheated to the State Comptroller or County Treasurer.

Suggested Actions

- Periodically review outstanding checks and escheat funds that have met their abandonment period to the County Treasurer or State Comptroller in accordance with Property Codes 72.101, 74.301, and 76.301.

REPORTABLE FINDINGS

Management Action Plan

- The Tax Office has consistently completed an escheatment process for the past 16 years and proactively monitors all its active bank accounts to both: 1) ensure that funds are available to meet payment obligations, and 2) turn funds over to the appropriate authorities as dictated by law and business practices.
- The next escheatment process for checks dated 2021 and prior is scheduled to be completed by June 30, 2026.

cc: Darryl Martin, County Administrator