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

RE: FINAL AUDIT REPORT **Tax Office: Special Collections: SIT and Beer/Wine FY2025**

The Dallas County Auditor's Office Internal Audit Division performed procedures for the period October 1, 2024, through September 30, 2025.

The objectives of the engagement were to:

1. Ensure all funds were accounted for at the time of the unannounced cash count.
2. Ensure all funds collected were receipted and deposited accurately, timely, and in compliance with statutory requirements.
3. Ensure court costs, fines, and fees were accurately assessed and recorded in compliance with statutory requirements.
4. Evaluate internal controls over financial transactions.

Overall Results

This review identified erroneous wire transfers related to Fund 713 Beer, Wine, and Liquor (BWL) permits. Additionally, SIT expenditures were 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,

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ISSUED: 6/26/2026
RELEASED: JULY 13, 2026

REPORTABLE FINDINGS

ISS.26-IA-Tax-82-01 SIT Expenditures:

Risk Rating: Medium

A review of all 68 SIT Fund 731 expenditures identified that $69,600 in SIT expenditures related to travel and training are not allocated between the Property Tax and Motor Vehicle divisions.

Suggested Actions

- Utilize cost-allocation to ensure all expenditures are reimbursed appropriately

Management Action Plan and Target Date

Target Date: 7/15/2027

The Tax Office submits an SIT budget to the OBE annually. The SIT budget expenses are used for expenses directly related to Tax Office training and development, and to the Tax Office operations, which strengthens the entire SIT 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. None of the operating budget lines for the Tax Office are allocated between the Tax Office Divisions in the County Budget system. 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 legistlatively.

ISS.26-IA-Tax-82-02 Fund 713 BWL Monthly Collections:

Risk Rating: Medium

A review of Fund 713 Beer, Wine, and Liquor (BWL) monthly collections and all 57 bank wire transfers identified three wire deposit variances totaling $1,056,661 resulting from erroneous transfers.

Status: Funds were transferred to the correct account within 5 business days once the department identified the error.

Suggested Actions

- Ensure fund transfers between accounts are reviewed prior to processing as verification that funds are transferred to the correct account.

Management Action Plan and Target Date

Target Date: 10/1/2026

REPORTABLE FINDINGS

The Tax Office has an established process that requires one person to enter funds transfer information and another person to approve the transfers. The person approving the transfer verifies that the amount being transferred is correct and is being sent to the correct account. The three transactions identified were transferred to the incorrect account in error. Within five business days, our office self-identified these errors, and the funds were transferred to the correct account. Management has reviewed the process with the staff who made the error, to prevent this from occurring in the future. Addtionally, a formalized procedure will be drafted and implemented using the new depository information and process by October 1, 2026.

cc: Darryl Martin, County Administrator

The report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of law, regulations, and contracts applicable to the department.