



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER

PAGE 1 OF

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DATE: 9/30/2014

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF TAX OFFICE AD VALOREM REFUNDS FOR THE THREE MONTHS ENDING JUNE 30, 2014**

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

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of Tax Office ad valorem refunds for the (3) three months ending June 30, 2014.

BACKGROUND:

In accordance with Texas Property Tax Code, the Auditor's Office is required to review and approve ad valorem refunds owed to taxpayers. The attached report describes observations made during the period of April 1 through June 30, 2014.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

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September 12, 2014

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

Re: Auditor's Report – Ad Valorem Refunds for Three Months Ending June 30, 2014

SUMMARY

In accordance with Texas Property Tax Code, the Auditor's Office is required to review and approve ad valorem refunds owed to taxpayers. Our review is limited in scope in that it excludes refunds not approved by the Auditor's Office and security of the *Tax Client* and *Refund Trac*, the applications used by the Tax Office.

During the three-month ending June 30, 2014, one refund totaling \$7,216.10 was presented to the Auditor's Office for approval with the wrong payee and address. The auditor notified the Tax Office and the correction was made *before* the refund was released.

We also observed three refunds that were processed manually rather than being processed through *Refund Trac*. The refunds were processed manually because *Refund Trac* is not compliant with Tax Code statutes for refunds that include interest. Since refunds calculated manually have an increased risk of errors, we recommend that the Tax Office request the appropriate programming changes to *Refund Trac*. In the meantime, management should continue to review all manually prepared refunds, particularly those refunds that are not reviewed by the Auditor's Office.

During the three-month review period, the Tax Office issued 8,800 refund checks totaling \$11,692,484.68. The Auditor's Office approved 439 refunds totaling \$7,519,228.42, or 64% of the total amount of refunds sent to taxpayers during the same period.

BACKGROUND

The Texas Property Tax Code governs the process of refunds, including both the role of the auditor and Tax Assessor-Collector. The responsibility of the Auditor's Office is defined by Section 31.11 of the Texas Property Tax Code, Refunds of Overpayments or Erroneous Payments, as follows:


“If a taxpayer applies to the tax collector of a taxing unit for a refund of an overpayment or erroneous payment of taxes, the collector for the unit determines that the payment was erroneous or excessive, and the auditor of the unit agrees with the collector's determination, the collector shall refund the amount of the excessive or erroneous payment.”

Because of the sheer volume of refunds, the Tax Office and the Auditor's Office agreed that the Auditor's Office would review refunds related to overpayments and erroneous payments for amounts over \$500. The statutes are silent regarding the auditor's review of refunds resulting from recalculations and court-ordered agreed judgments. Due to the complexity of these refunds, the Tax Office and the Auditor's Office also agreed that the auditor would review recalculation refunds greater than \$5,000 and court-ordered agreed judgments greater than \$1,000.

CLOSING REMARKS

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

Sincerely,



S. Renee Tidwell, CPA
County Auditor

Attachment: Management's response

Team: Kim Trussell, Audit Manager
Sarah Prado, Internal Auditor

Distribution: Thomas Spencer, Tax Office Chief Deputy
James Pritchard, Associate Chief Deputy, Ad Valorem
Christy Smith, Refund Manager



TARRANT COUNTY TAX OFFICE

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RON WRIGHT
Tax Assessor-Collector

In God We Trust

September 12, 2014

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

Subject: Tax Office Response to Auditor's Report –Review of Ad Valorem
Refunds for the Three Months Ending June 30, 2014


Funds disbursement, refunds in this review, is a source of risk and concern in all operations. The Tax Office appreciates the Auditors ongoing review of Property Tax refunds.

The subject report identifies 4 issues out 439 refunds reviewed. The issues identified were compliance issues and did not represent errors that have a financial impact.

The Tax Office has reviewed the issues with the staff and our software vendor to assure a more efficient and compliant process.

The sheer volume of refunds necessitates controlled processes and continuous supervision. We appreciate the review and comments from our colleagues in the Auditor's office.

Should you have any questions, please contact me or my Chief Deputy, Tom Spencer.


Ron Wright, PCC
Tax Assessor-Collector