



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#127896

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DATE: 06/19/2018

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT FOR THE REVIEW OF CERTAIN TAX OFFICE AD VALOREM REFUNDS**

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

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of certain ad valorem refunds paid by the Tax Office.

BACKGROUND:

In accordance with Local Government Code 115 and Texas Property Code section 31.11, the Auditor's Office performed a review of ad valorem refunds issued to taxpayers for the six months December 31, 2017, that were not approved by the Auditor's Office prior to payment.

FISCAL IMPACT:

There is no fiscal impact associated with this item.

SUBMITTED BY: Auditor

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY
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May 25, 2018

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

RE: Auditor's Report – Review of Certain Ad Valorem Refunds

SUMMARY

In accordance with Local Government Code Chapter 115 and Texas Property Tax Code Section 31.11, we performed a review of ad valorem refunds issued to taxpayers for the six months ended December 31, 2017, that were *not* approved by the Auditor's Office prior to payment. The objective of the review was to determine whether refunds were valid and paid to the correct taxpayer for the correct amount. We selected 100 refunds that were *not* approved by the Auditor's Office prior to payment and found that they were valid, accurate, and properly approved. However, we observed that the vendor had not adequately addressed certain system functionality requirements in *RefundTrac* that were previously reported. The vendor implemented the functionality after the audit but prior to the issuance of this report. No further recommendations are necessary.

Additionally, we observed system security for *RefundTrac* was not adequate. While the vendor made some changes prior to issuance of this report, we believe significant risks still exist. As a result, we made additional recommendations to Tax Office management. We will continue to monitor these items and collaborate with the Tax Office and the Information Technology Department.

BACKGROUND

The Texas Property Tax Code governs the process of refunds, including both the role of the auditor and tax assessor-collector. Section 31.11 of the Texas Property Tax Code defines the responsibility of the Auditor's Office. In July 2017, the Auditor's Office proposed revising the dollar limits of refunds submitted to our office for review and approval prior to payment. The revised guidelines are in accordance with statutes for a county with a population of two million or more. The Tax Office agreed with the revised guidelines.

The Tax Office issued 20,705 refunds totaling \$20 million for the period July 1, 2017 through December 31, 2017. During our on-going statutory review, 116 refunds totaling \$1,981,156 were presented to the Auditor's Office for review and approval. Two refunds totaling \$128,247 were rejected for varying reasons and resubmitted by the Tax Office.

CLOSING REMARKS

We appreciate the cooperation of the Tax Office 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

Distribution:
Thomas Spencer, Tax Office Chief Deputy
Elisa Hand, Associate Chief Deputy
Christy Smith, Tax Refund Manager

Audit Team:
Kim Buchanan, Audit Manager
Steve Watson, Senior Internal Auditor



TARRANT COUNTY TAX OFFICE

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RON WRIGHT
Tax Assessor-Collector

June 7, 2018

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

Subject: Response to Auditor's Report – Review of Certain Ad Valorem Refunds

The Tax Office appreciates the Auditors continuing oversight of refunds to payers; a critical aspect of Tax Office operations.

The Tax Office acknowledges the need to update the security system in Refund Trac and will coordinate the request and requirements with Spindlemedia.

Working together, the Tax Office and the Auditors have identified and implemented numerous changes to Refund Trac over the years. These changes strengthen the process that returns funds to the rightful owner.

We value our strong working relationship and the need to continue to work together.

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



Ron Wright, PCC
Tarrant County Tax Assessor-Collector