



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#134955

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DATE: 03/09/2021

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT FOR THE REVIEW OF FINANCIAL AND SYSTEM CONTROLS OVER THE DISTRICT CLERK'S TAX SECTION**

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

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report for the Review of Financial and System Controls over the District Clerk's Tax Section.

BACKGROUND:

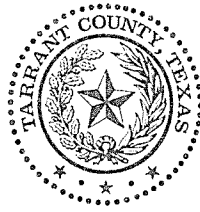
In accordance with Local Government Code, the Auditor's Office reviewed the financial and system controls over the transactions related to delinquent tax suits recorded in the Judicial Information Management System (JIMS) during Fiscal Years 2019 and 2020.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor's Office

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY
TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506
100 E. WEATHERFORD
FORT WORTH, TEXAS 76196-0103
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COUNTY AUDITOR
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VINCE CRUZ JR.
FIRST ASSISTANT COUNTY AUDITOR
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February 25, 2021

The Honorable Thomas Wilder, District Clerk,
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Review of Financial and System Controls - Tax Section

SUMMARY

In accordance with Local Government Code, we reviewed the financial and system controls over the transactions related to delinquent tax suits recorded in the Judicial Information Management System (JIMS) during fiscal years 2019 and 2020. As a result of our review, we observed that procedures had significantly improved since our prior audit presented to the Commissioner's Court on March 20, 2012. Improvements include, but are not limited to, compliance with Texas Property Tax Code Section 33.48 to record partial payments in JIMS, creation of individual fee categories for the third party related transactions that were previously combined in a single fee category, step-by-step written procedures for consistent business practice and training, and flagging case balances that are no longer collectible due to dismissal of the case, non-suits, and other judicial orders. As a result, the court costs receivables balance was reduced by 42% since our last review.

During our testing, we observed one exception whereby an overpayment was refunded to the wrong party in the amount of \$166. This overpayment occurred because existing procedures did not include verifying the payee of the original payment collected by the Tax Assessor-Collector's Office. We also found the District Clerk's Office did not obtain a proof of payment if the overpayment was originally collected in the Tax Office. We recommended that procedures verify actual payment dates and obtain proof of payment from the Tax Assessor-Collector's Office prior to refunding overpayments. The recommended procedures were immediately implemented by the District Clerk's Office.

BACKGROUND

The District Clerk Tax Section receipted approximately \$2.4 million into JIMS during fiscal year ending September 30, 2019 and approximately \$2 million during fiscal year ending September 30, 2020. Furthermore, the court costs receivables balance for delinquent tax suits was approximately \$3.3 million for fiscal year ending September 30, 2019 and \$3.1 million for fiscal year ending September 30, 2020.


When taxpayers are sued for delinquent ad valorem taxes in district civil courts in Tarrant County, the account(s) are flagged in Tax Client, the system used by the Tax Assessor-Collector's Office (Tax Office) to indicate a pending lawsuit. The payments of fees and court costs related to the delinquent tax suits are accepted in both the District Clerk Tax Section and the Tax Office Special Collections Section as a courtesy to the taxpayers. Approximately 90% of the fees and court costs are initially collected by the Tax Office because the Texas Property Tax Code §33.48, Recovery of Costs and Expenses, which requires fees and court costs related to delinquent tax suits be fully satisfied before any outstanding taxes are paid. Monthly, the Tax Office remits a check to the District Clerk's Office for delinquent tax suit fees and court costs collected during the previous month. The District Clerk's Office processes the monthly check by allocating the payments to the individual case files in JIMS.

To this date, there is no comprehensive system available that communicates among the District Clerk's Office, Tax Office, and Constable 3 during the life cycle of delinquent tax suits.

CLOSING REMARKS

We appreciate the cooperation of the Tarrant County District Clerk and his 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

Distribution: Andrea Ziton, Registry Funds Manager

Audit Team: Kim Trussell, Audit Manager
Maki Brown, Senior Internal Auditor
Ky J. Stafford, Internal Auditor



TARRANT COUNTY

THOMAS A. WILDER
DISTRICT CLERK

March 1, 2021


Reneé Tidwell
County Auditor
100 E Weatherford St.
Fort Worth, Texas 76196

Dear Ms. Tidwell:

I want to express my appreciation for the cooperative spirit in which your staff conducted the recent audit of my Delinquent Tax Section.

The exception that was observed by the Auditor's Office was a complex situation. The recommended procedures have been implemented by the District Clerk's Office.

Sincerely,


Thomas A Wilder