2019

Travis County Auditor's Office Review of the Travis County Tax Office's First Quarter Property Tax Refunds

#19-03

3/11/2019

TRAVIS COUNTY
AUDITOR'S OFFICE

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Travis County Tax Assessor-Collector

From: Patti Smith, CPA
Travis County Auditor

Date: March 11, 2019

Subject: Examination of the Property Tax Refunds for the 1st Quarter of FY19

Scheduled as part of our statutory requirements, the Risk Evaluation and Consulting Division of the Travis County Auditor's Office has completed an examination of the property tax refunds issued by the Travis County Tax Assessor-Collector's Office in the 1st Quarter of FY19. We conducted our examination in accordance with the applicable statutes governing the County Auditor's Office and those relating to County financial and accounting protocols. As a result of our examination, we are providing this report on our findings and recommendations.

BACKGROUND

The Tax Office processes three different types of property tax refunds, each governed by different code sections. First are refunds created by duplicate payments. These refunds are covered by Tax Code Section 31.111 and are to be processed automatically by the Tax Office.

Refunds created by changes in tax value are governed by Tax Code Section 26.15(f) and Section 42.43. The former governs changes made by the Tax Appraiser's Office, while the later covers valuation appeals that are heard in the district courts. In both cases, the refund is to be processed automatically by the Tax Office.

Third are refunds created by erroneous payments on or overpayment of property taxes. These refunds are governed by Tax Code Section 31.11, which requires that these refunds be reviewed by the Auditor's Office. Our quarterly tax refunds reviews fulfill this requirement.

SCOPE OF EXAMINATION

The primary objective of this examination was to verify the proper disposition of property tax refunds in accordance with Texas Property Tax Code Section 31.11 guidelines and internal policies and procedures. Our examination included an assessment of the adequacy and effectiveness of the overall system of internal controls in place for this office's property tax refund procedures for overpayments, covering the period October 1, 2018 through December 31, 2018.

EXAMINATION METHODOLOGY

Our work was based on applying sampling procedures to office records and on verbal and written representations from Tax Office staff. Sampling relates to examining, on a test basis, evidence supporting the amounts and disclosures in the financial records and statements. The use of sampling techniques would not necessarily disclose all matters in the Tax Office's financial statements, financial records, and internal controls that might be material weaknesses or misstatements. In regard to the written and verbal representations made by staff in this office, unless otherwise noted in this report, office management maintains that the assertions we relied upon in the examination were correct to the best of their knowledge.

SUMMARY OF FINDINGS & RECOMMENDATIONS

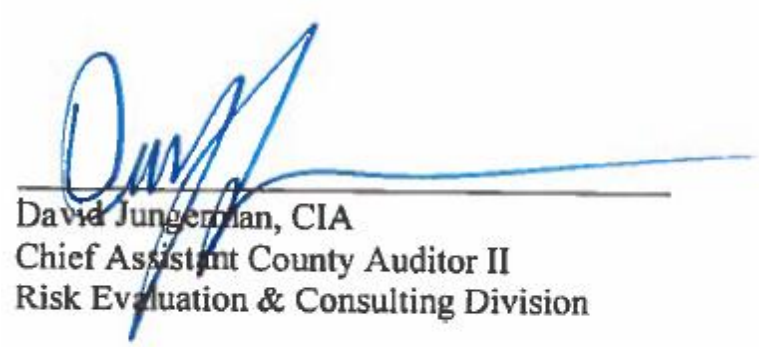
During the examination period, 1,006 checks were processed for a total of $4,304,028.02, including 94 overpayments totaling $819,395.41. In accordance with Tax Code Section 31.11, our office reviewed all 94 property tax overpayments, noting there were proper segregation of duties and internal accounting controls over the procedures regarding these refunds. No exceptions were noted.

EXAMINATION TEAM

Lisa Denton, CFE, Financial Auditor VI
Travis Lee, Financial Auditor II

CLOSING

This report is intended solely for the information and use of the Tax Office and the Commissioners' Court. We greatly appreciate the cooperation and assistance received from the management and staff of the Travis County Tax Assessor-Collector's Office during this examination. Please contact us if you have any questions or concerns regarding this report.



David Jungerman, CIA
Chief Assistant County Auditor II
Risk Evaluation & Consulting Division



Patti Smith, CPA
Travis County Auditor

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