DocuSign Envelope ID: E166F0DC-B055-4ECF-B1C8-A0563A919EA8

2023

Travis County Auditor's Office Review of Tax Office Central Collection

Travis County Auditor's Office
Risk Evaluation and
Consulting Division

June 5, 2023

DocuSign Envelope ID: E166F0DC-B055-4ECF-B1C8-A0563A919EA8

TRAVIS COUNTY
AUDITOR'S OFFICE

PATTI SMITH, CPA
COUNTY AUDITOR

TRAVIS COUNTY
700 LAVACA
P.O. BOX 1748
AUSTIN, TX 78767
(512) 854-9125
FAX: (512) 854-9164

To: Bruce Elfant
Travis County Tax Assessor-Collector

From: Patti Smith, CPA
Travis County Auditor

Date: June 5, 2023

Subject: Tax Office Central Collection Review

Scheduled as part of our statutory requirements, the Risk Evaluation and Consulting Division (REC) of the Travis County Auditor's Office has completed a review of the Tax Office Central Collection Division. We conducted our review 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 review, we are providing this report detailing our findings and recommendations.

BACKGROUND

In 2005, the Texas Legislature added Article 103.0033 to the Code of Criminal Procedure (CCP) to improve the collection of criminal court costs in counties and municipalities with a population of 100,000 or more. The Tax Office had been administering its central collections program in accordance with these legal requirements; however, in 2019, Senate Bill 891, repealed Article 103.0033. Although the article was repealed, the Tax Office Central Collection Division continued to adhere to the principles of the original collection improvement program and applies critical components to business processes for the County, District, and Justice Court cases.

In accordance with the Texas Code of Criminal Procedures, Chapter 102 and Chapter 103, the Central Collection's Division collects courts fees, fines, determine indigence, conducts daily deposits, and implements and monitors payment plans for the County, District, and Justice Court cases. This division also reviews and remits delinquent Justice Court cases to an outside collection agency when deemed appropriate.

DocuSign Envelope ID: E166F0DC-B055-4ECF-B1C8-A0563A919EA8

EXAMINATION METHODOLOGY

Our review methodology was based on applying sampling procedures to office records and on verbal and written representations from the Tax Office Central Collection Division. 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 financial statements, records, and controls that might signify material weaknesses or misstatements. Regarding the written and verbal representations made by the Central Collection Division, 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.

SCOPE OF EXAMINATION

This review's scope included an assessment of the adequacy and effectiveness of the overall system of financial controls in place for the Tax Office Central Collection Division during the period October 1, 2021 through November 30, 2022. The scope of this examination included a review of the overall internal controls in place for accounts receivable, doubtful accounts, closing cases, and cash handling.

SUMMARY OF FINDINGS

During our review of the Tax Office Central Collection Division, we noted areas of concern with manual receipts and bill of costs.

EXAMINATION TEAM

Angel Candelario, Senior Auditor
Travis Lee, Lead Auditor
Derek Alegria, Staff Auditor

CLOSING

This report is intended solely for the information and use of your office and the Commissioners' Court. We greatly appreciate the cooperation and assistance received from the management and staff of the Tax Office Central Collection Division during this review. Please contact us if you have any questions or concerns regarding this report.

DocuSign Envelope ID: E166F0DC-B055-4ECF-B1C8-A0563A919EA8

DocuSigned by:
David Jungerman
5B5801D13DFE48D...

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

DocuSigned by:
Patti Smith
53FF54208085470...

Patti Smith, CPA
Travis County Auditor

REPORT DISTRIBUTION

Amy Clark Meachum, Judge, 201st Judicial District
Jan Soifer, Judge, 345th Judicial District
Andy Brown, Travis County Judge
Jeff Travillion, Commissioner, Precinct 1
Brigid Shea, Commissioner, Precinct 2
Ann Howard, Commissioner, Precinct 3
Margaret Gomez, Commissioner, Precinct 4
Jessica Rio, County Executive, Planning and Budget Office
Joe Marshall, Deputy Chief Tax Assessor, Tax Office
Beverley Peavy, Central Collection Division Director, Tax Office
Travis County Executive Managers
Managers, Travis County Auditor's Office
Examination File

DocuSign Envelope ID: E166F0DC-B055-4ECF-B1C8-A0563A919EA8

AREAS OF CONCERN

1. Bill of Cost

We discussed processes with the Central Collection management and conducted observation of cash controls. During our discussion, we noted that when the court adjourns, the Judge orders defendants to report to Central Collection to pay their fines and fees. Often, when the defendant arrives at Central Collections, a bill of cost has not been completed and fees and fines have not been assessed in Odyssey by the Clerk's Office preventing Central Collections from collecting payment from the defendant.

Significance

The Code of Criminal Procedure, Art. 103.001, Cost Payable states the following:

(a) In a justice or municipal court, a cost is not payable by the person charged with the cost until a written bill is:
- *(1) produced or ready to be produced, containing the items of cost; and*
- *(2) signed by the officer who charged the cost or the officer who is entitled to receive payment for the cost.*

(b) In a court other than a justice or municipal court, a cost is not payable by the person charged with the cost until a written bill containing the items of cost is:
- *(1) produced.*
- *(2) signed by the officer who charged the cost or the officer who is entitled to receive payment for the cost; and*
- *(3) provided to the person charged with the cost.*

In addition, insufficient collection efforts could potentially result in a loss of county funds.

Recommendation

We recommend the bill of cost be completed and fees and fines be assessed and entered into Odyssey prior to the defendant arriving at Central Collections.

Management Response

Thank you for addressing the concern and providing recommendation for our process of *receipting court fees on the date of sentencing* sans assessment, and, on behalf of the County Courts at Law. This is an ongoing issue and one we had faith would be resolved with the implementation of Tyler's court case management system, Odyssey. The Clerk completes assessments by the end of the business day, but after the defendant has reported to Collections. The collections department is *unable to receipt payment in full, receipt a partial payment or even set up a payment plan* without the assessment in Odyssey. Although we are deputized by the clerk to sign and present the Bills of Cost, we do not assess fees, we help meet the article's provision as it states, "*ready to be produced"*.

2. Manual Receipts

We discussed processes with the Central Collection management and conducted observation of cash controls. During our visit, we noted that manual receipts were being issued in two instances: 1) when defendants arrive at Central Collections and the bill of costs have not yet been completed

DocuSign Envelope ID: E166F0DC-B055-4ECF-B1C8-A0563A919EA8

and 2) when Odyssey was experiencing network issues. Once the bill of cost is completed or network issues have been resolved, the manual receipt is entered into the system, and a system-generated receipt is issued to replace the manual receipt. The manual receipt is not referenced in the system. In addition, reconciliations are not conducted on receipt books, and there are no safeguards for accessing the receipts books.

Significance

When receipts/receipt books are not properly reconciled or safeguarded, receipts could be lost or misplaced, which could lead to lost or misappropriated funds that could remain undisclosed.

Recommendation

We recommend that Central Collection implement manual receipt procedures requiring, at minimum, receipts books be secured with only authorized personnel having access. In addition, semi-annual reconciliations should be performed, and manual receipt numbers should be referenced in the system to avoid potential misappropriation and/or loss of funds.

Management Response

Thank you for bringing this to our attention. Since our discussion, the recommendations have been implemented and are now in effect. Our management team controls the receipt books, receipt numbers are posted back to the case management system for reference, and we are actively reconciling previous receipts to ascertain procedure was followed, and that no misappropriations exist. Manually receipting payments for our court consumers that wish to pay prior to fees being assessed has been an unfortunate necessity and one that we will continue to be transparent with. Receipts are posted to the case management system by the end of the business day or as soon as the assessment is available in Odyssey. Should our elected official advise, we will cease manually receipting, however this would affect not only revenue for the county but also levels of service to the public.