



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#117901
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DATE: 6/24/2014

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF TAX OFFICE AD VALOREM REFUNDS FOR THE THREE MONTHS ENDING MARCH 31, 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 March 31, 2014.

BACKGROUND:

In accordance with the 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 January 1, 2014 through March 31, 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

TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506

100 E. WEATHERFORD

FORT WORTH, TEXAS 76196-0103

817/884-1205

Fax 817/884-1104

S. RENEE TIDWELL, CPA
COUNTY AUDITOR
rtidwell@tarrantcounty.com

CRAIG MAXWELL
FIRST ASSISTANT COUNTY AUDITOR
cmaxwell@tarrantcounty.com

May 27, 2014

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

Re: Auditor's Report –Ad Valorem Refunds for Three Months Ending March 31, 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. This audit report describes observations made during the period of January 1 through March 31, 2014. 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. Furthermore, our review did not include procedures to test the recording of the refunds into the Tax Office general ledger or the actual disbursement of the refund.

During this period, we did not reject any refunds for payment. However, there were four 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 of 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 7,071 refund checks totaling \$12,156,272. The Auditor's Office approved 623 refunds totaling \$6,313,743, or 52% 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

100 E. Weatherford, Room 105 • Fort Worth, Texas 76196-0301 • 817-884-1850
taxoffice@tarrantcounty.com

RON WRIGHT
Tax Assessor-Collector

June 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 –Ad Valorem Refunds for Three Months Ending March 31, 2014

Each day the Tax Office processes refunds to tax payers due to overpayments and levy adjustments. Annually, the Tax Office will process thousands of refunds totaling millions of dollars.


The Tax Office has systems and procedures in place to ensure that refunds are processed correctly and on a timely basis. Tarrant County Auditors are our partners in the process and provide invaluable review and assistance over time.

The Tax Office acknowledges the success of the subject review where no exceptions were noted. This success is gladly shared with the Auditors.

Because of recent changes in the Tax Code, the Tax Office must process refunds paid with interest manually in order to be compliant. The Tax Office has asked our software vendor to develop and implement a change that will bring the automated process into compliance.

The Tax Office appreciates the continued review and recommendations from the Auditors Office.

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


Ron Wright
Tax Assessor-Collector