



COMMISSIONERS COURT  
COMMUNICATION

REFERENCE NUMBER

PAGE 1 OF

5

DATE: 9/30/2014

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE TAX OFFICE  
MOTOR VEHICLE DEPARTMENT**

**\*\*\* CONSENT AGENDA \*\*\***

**COMMISSIONERS COURT ACTION REQUESTED:**

It is requested that the Commissioners Court receive and file the Auditor's Report of the Tax Office Motor Vehicle Department.

**BACKGROUND:**

In accordance with Texas Local Government Code, the Auditor's Office reviewed motor vehicle transactions as of June 2014 to determine whether voided and reprinted transactions were adequately delegated and whether financial transactions were accurately recorded.

**FISCAL IMPACT:**

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor

PREPARED BY: S. Renee Tidwell  
APPROVED BY:



## TARRANT COUNTY

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July 24, 2014

Mr. Ron Wright, Tax Assessor – Collector  
Honorable District Judges  
Honorable Commissioners Court  
Tarrant County, Texas

Re: Auditor's Report – Tax Office Motor Vehicle Department

### SUMMARY

In accordance with Local Government Code Section 115.001, we reviewed motor vehicle transactions as of June 2014 to determine whether voided and reprinted transactions were adequately delegated and whether financial transactions were accurately recorded. As a result, we found that duties were not properly segregated.

We discussed this issue with management on July 24, 2014. Attached is the management's response to the audit report.

### BACKGROUND

The Tax Office Motor Vehicle Department (MVD) processes more than 2 million transactions annually. It is estimated that the Tax Office will collect over \$460 million during fiscal year 2014 on behalf of the Texas Department of Motor Vehicle (DMV). DMV performs annual audits of inventory held by the Tax Office. In November 2014, DMV is also scheduled to perform an audit of motor vehicle transactions, including voids, payments to the state, and employee security.

The Tax Office MVD processes motor vehicle transactions using the Registration and Title System (RTS), a system owned and supported by the Texas Department of Motor Vehicle. Access to RTS has been granted to 125 MVD employees. Approximately half of these employees have supervisory access which allows them to perform additional functions.

## OBSERVATION AND RECOMMENDATION

*Segregation of duties was not adequate.*

### Background

MVD policies and procedures specifically state that employees should not void their own transactions. The Batch Inventory Action Report (BIAR) is used by MVD supervisors and managers to monitor void and reprint transactions. Of the 125 MVD employees with access to RTS, 63 employees have supervisory access with additional functions.

### Observation

During our review, we found that 62 of the 63 employees who have supervisory access also have the ability to perform incompatible duties. RTS does not have controls that prevent users from voiding and/or reprinting transactions that they initiated. Since MVD managers and supervisors use the BIAR to review transactions, oftentimes the supervisor who voided and/or reprinted transactions subsequently reviewed and approved their own transactions listed on the BIAR. The following table describes the conflicting duties.

Duties	# of Employees	% of Total
Void, Reprint and Review/Approve BIAR	32	52%
Void & Reprint	18	29%
Reprint	12	19%
<b>Total</b>	<b>62</b>	<b>100%</b>

We also observed transactions whereby the incorrect code or quantity was recorded by Motor Vehicle staff. These errors had no financial impact. Last, there were a number of employees who were granted access to RTS but did not have any activity during our audit period.

### Recommendation

In order to have adequate segregation of duties and to comply with documented policies and procedures, staff should never void or reprint their own transaction. Furthermore, employees who initiate void or reprint transactions should not perform monitoring activities including the review and approval BIAR.

Annually, Tax Office management should re-evaluate employees who have RTS access, particularly those who perform supervisory functions, to determine whether those employees require access to perform their job duties. Management should also consider limiting the number of employees and supervisors that have access to review and approve BIAR.

**CLOSING REMARKS**

We appreciate the responsiveness and cooperation of MVD management and 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:* Thomas Spencer, Chief Deputy

*Audit Team:* Imad Mouchayleh, Audit Manager  
Dan Thompson, Senior Internal Auditor



## TARRANT COUNTY TAX OFFICE

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RON WRIGHT  
Tax Assessor-Collector

In God We Trust

September 12, 2014

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

Subject: Auditor's Report – Tax Office Motor Vehicle Department


Motor Vehicle transactions that are voided or reprinted need special attention and proper handling.

Tax Office procedures state that Motor Vehicle employees should not void their own transactions. The procedure is in place to emphasize the need to the clerks that voids need to be recognized and accounted for.

There are occasions when a supervisor is working transactions and has no alternative but to void their own work. On other occasions, a supervisor is not available; in which case a clerk might be forced to void or reprint their own work.

The Tax Office will review the procedure to determine if a clarification is in order.

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

  
Ron Wright, PCC  
Tax Assessor-Collector