



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#117686

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DATE: 5/20/2014

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF MOTOR VEHICLE
AUTOMATIC CLEARING HOUSE TRANSACTIONS**

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

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of Motor Vehicle Automatic Clearing House Transactions.

BACKGROUND:

In accordance with Local Government Code, Chapter 115, Section 115.001, Examination of Records, the Auditor's Office reviewed the Tax Office Motor Vehicle Automatic Clearing House (ACH) transactions for a period of five (5) months ending February 28, 2014. The objective of the review was to determine whether security controls over the processing of Motor Vehicle ACH transactions were adequate.

FISCAL IMPACT:

There is no fiscal impact associated with this item.

SUBMITTED BY: Auditor

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

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April 28, 2014

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

Re: Auditor's Report – Tax Office Automatic Clearing House Transactions

SUMMARY

In accordance with Local Government Code, Chapter 115, Section 115.001, *Examination of Records*, we reviewed the Tax Office Automatic Clearing House (ACH) transactions for a period of five months ending February 28, 2014. The objective of our review was to determine whether security controls over the processing of ACH transactions were adequate.

As a result of our review, some minor improvements should be made to enhance the controls over the processing of Motor Vehicle ACH transactions. Specifically, we make the following recommendations:

1. Management should perform routine reviews of ACH access security.
2. Any differences between the ACH amounts provided by the dealers and title companies and the amounts calculated by the Registration and Title System should be clearly documented.
3. Written procedures should be updated to reflect the transfer of the ACH responsibilities to the Motor Vehicle Division.

We discussed these recommendations with management on April 28, 2014. Attached to this report is a written response from the Tax Assessor-Collector.

BACKGROUND

The Tax Office uses the JP Morgan Access web-based system to process ACH transactions. ACH transactions include payments to the state, taxing entities, and attorneys, and the collection of motor vehicle fees from participating dealers and title service companies. To limit unauthorized access, the Tax Office has designated two computers linked to the JP Morgan Access system that are used exclusively to create and release ACH *disbursements*. Designated Motor Vehicle staff use their desktop computers to create and release ACH *receipts*. The Tax Office is in the process of obtaining a designated computer linked to JP Morgan Access for creating and releasing Motor Vehicle ACH receipts.

Automotive dealers and title service companies provide written authorization allowing the Tax Office to debit their designated bank account via ACH. In the fall of 2013, the responsibility of releasing an ACH transaction was transferred from the Tax Office Accounting Department to the Motor Vehicle Division.

CLOSING REMARKS

We appreciate the cooperation of the 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 response dated May 6, 2014

Distribution:
Thomas Spencer, Tax Office Chief Deputy

Audit Team:
Imad Mouchayleh, Audit Manager
Maki Ogata, Senior Internal Auditor



TARRANT COUNTY TAX OFFICE

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RON WRIGHT
Tax Assessor-Collector

May 6, 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 –Tax Office Automated Clearing House Transactions for the five-month period ending February 28, 2014


Processing payments through the Automated Clearing House is a critical component of Tax Office procedures. Each day the Tax Office sends property tax proceeds to taxing authorities in the County. In addition, the Tax Office collects proceeds from pre-screened automobile dealers for Motor Vehicle registration and title transactions.

The Tax Office has worked diligently over time to create processes and procedures that are accurate, secure and repeatable. Tax Office systems rely heavily on multiple levels of approval, dual processing authority and the Chase Access secure bank network.

The Tax Office will follow up with the three recommendations generated by the Auditor's office to determine the feasibility and applicability of making the changes indicated.

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