



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#116771

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DATE: 12/10/2013

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE TAX OFFICE AD VALOREM REFUNDS FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2013**

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

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of the Tax Office Ad Valorem Refunds for the Three Months Ending September 30, 2013.

BACKGROUND:

In accordance with 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 July 1 through September 30, 2013.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor's Office

PREPARED BY: S. Renee Tidwell
APPROVED BY:



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November 25, 2013

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

Re: Auditor's Report – Tax Office Ad Valorem Refunds for Three Months Ending September 30, 2013

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 July 1 through September 30, 2013. 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 the three-month review period, the Tax Office issued 4,661 refund checks totaling \$5,940,289. The Auditor's Office approved 478 refunds totaling \$3,351,416, or 56% of the total refunds sent to taxpayers during the same period. We rejected only one court-ordered refund containing four accounts during the period. The Tarrant Appraisal District (TAD) had not updated the penalty on one of the accounts. We communicated this error to the Tax Office and the refund was corrected before it was sent to taxpayer. We recommended that the Tax Office refund staff perform careful examination of court orders to ensure that all changes included in the court order and received from TAD agree to information recorded in Tax Client.

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.

During fiscal year 2013, the Tax Office issued 25,833 refunds totaling \$43,253,494. The Auditor's Office reviewed and approved 2,559 refunds totaling 23,348,674, or 54% of the total refunds sent to taxpayers during fiscal year 2013.

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. Renée 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

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RON WRIGHT
Tax Assessor-Collector

December 3, 2013

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


Subject: Auditor's Report – Tax Office Ad Valorem Refunds for three months ended
September 30, 2013

The Tarrant County Tax Office acknowledges the successes identified the subject refund review.

In my view, this success can be attributed to continuous improvement in processes, procedures and personnel in the Tax Office. However, I must recognize the important role that the Auditor's Office plays in reviewing certain property tax refunds.

We appreciate the ongoing effort of the Auditors to provide review and recommendations on Tax Office operations.

Should you have any questions, please do not hesitate to contact me.


Ron Wright
Tax Assessor Collector
Tarrant County