



The Internal Audit Division of the Fannin County Auditor Reviewed the Fiscal Year Beginning October 1, 2023 through September 30, 2024 for the Fannin County Tax Assessor's and Collectors Office.



To: Amber Sutherland
Fannin County Tax Assessor-Collector

From: Toni McGehee
Fannin County Auditor's Dept. –Internal Audit

Date: December 19, 2024

Subject: Tax Assessor-Collector Fiscal Year Oct.1, 2023 – Sept. 30, 2024 Audit

The Motor Vehicle Division is responsible for collecting and protecting a significant amount of State and County income in addition to handling a huge number of individual transactions. The Internal Audit Division of the Fannin County Auditor's Department conducted a selective examination, review, monitoring, testing, and verification of compliance with the following as part of our statutory requirements audit:

- In compliance with the relevant laws governing the County Auditor's Office, an examination was performed of the monthly vehicle inventory taxes (VIT) and fee collection reports. The findings of this audit verified that the Fannin County Appraisal District was receiving accurate records and reports on the correct methods, paperwork, inventory fee computation, and timely fee remittals.
- Each Deputy Clerk is in charge of managing a cash drawer balance, voiding receipts, collecting and recording payments. The Tax Assessor-Collector prepares the daily deposit, checks and verifies all the registration and titling system (RTS) reports for inconsistencies, and confirms the void receipts. One thing to note regarding independent review of transactions is the fact that the RTS system documents transactions electronically, which is monitored by a supervisor.
- To balance the deposit, the Tax Assessor-Collector inputs the data into an Excel spreadsheet in addition to data from the RTS report. Every day, two different people verify the daily deposits. Each Deputy Clerk does this once for their own cash drawer, and the Tax Assessor-Collector, who counts all of the cash drawers together and makes the office's final deposit, does so a second time.
- In addition to a main office inventory record, the Lead Deputy Clerk conducted an individual workstation inventory inquiry report to audit the quantity of disabled placards, farm trailer plates, passenger truck plates, red disabled plates, and trailer plates. This was confirmed by comparing it to the real figure.

-
- A physical audit of every workstation drawer and the petty cash drawer was conducted by the Fannin County Internal Auditor in collaboration with the Fannin County Tax Assessor. Only when the computer generates a cash exchange are cash drawers opened; otherwise, they are always kept locked which is in compliance with statute.
 - Cash handling protocols were noted, and seemed to be appropriately adhered to. At the conclusion of the workday, the Tax Assessor-Collector and each Deputy Clerk count and balance the cash drawers.
 - With the early departure of current elected Tax Assessor-Collector and Chief Deputy, It was necessary to verify that the bank signature cards were properly changed to reflect the newly elected and court appointed Tax Assessor-Collector, Amber Sutherland, and Chief Deputy, Melanie Cox. The bank signature card was examined and the change in signatures was verified. Furthermore, the IT Department was called to confirm that the previous employees' email addresses had been closed following their departure. One of the email addresses was found to be active and was fixed at that time. The IT Department has thus developed new protocols that must be put into place right now in order to stop this problem from occurring again.
 - Auto dealers scan in front and back of titles to the Tax Assessor-Collector Office through webDEALER. The Chief Deputy, Melanie Cox, views these titles through-out the day and compares them to the title application. The title is then payments due. There are currently 3 dealers in the County out of 30 that are set up to utilize webDEALER. There is currently only one dealer in Fannin County that the Tax Assessor-Collector's Office can access payments via ACH through webDEALER. The State of Texas is requiring all dealers to have this service active by July 1, 2025.
 - An argument can be made for additional staff due the lack of segregation of duties, or the absence of them, at particular periods of the month. There is a clear absence of segregation of duties on specific days of the week, specific times of the month, when employees take vacations, or when supervisors are away for training.

BACKGROUND

The goal of the Fannin County Tax Assessor-Collector's Office is to serve the citizens of Fannin County by collecting motor vehicle registration fees and processing and issuing motor vehicle titles in compliance with Texas motor vehicle rules and regulations. The Motor Vehicle Division is in charge of tracking, storing, and distributing vehicle tags and plates. They are also in charge of collecting, monitoring, and allocating the costs incurred during the issuance of these tags and plates.

SCOPE OF EXAMINATION

This examination's main goal was to evaluate the entire system of internal controls' efficacy and appropriateness for the fiscal year of the Tax Assessor-Collector's Office, which runs from October 1, 2023 through Sept 30, 2024. This included reviews of the controls over cash processing, receipts, deposits, reconciliations, compliance, protocols, and general internal operations.

SUMMARY OF FINDINGS & RECOMMENDATIONS

Confidential documents are piled in the kitchen area's boxes and sacks to be transported to off-site shredding bins. This is confidential protected customer information. Cleaning staff are coming and going from that building. Secured containers of some sort for this documentation transportation would guarantee that this data is appropriately protected.

All license plates, handicap placards, and Form 31 paperwork must be categorized as accountable inventory, according to TxDMV regulations. Each Tax Specialist receives inventory from the Motor Vehicle Division and is subsequently responsible for it. When distributing the plate numbers to a customer, the Tax Specialist should absolutely check them against the computer, even though they might not always confirm the inventory's sequence at the moment.

Overall, the Deputy Clerks and the Tax Assessor-Collector have done a great job performing their jobs. There were some incredible exchanges between the team and the community. There are security issues in this office that need to be resolved. At the moment, only the rear office can see the security cameras. The front-line deputy clerks have only one alert button in case of a robbery. The center clerk's workstation has this button on the back of it. Before she could press the alert button, the clerk would need to get up and walk back to it. Additionally, there is just one alarm button in the back offices, and it is secured to the wall between the two offices. Depending on the day of the month, the Tax Assessor-Collector office may have as much as \$20,000 or more in cash on hand.

ATTACHMENTS

Tax Assessor-Collector Org Chart

PERSON PERFORMING EXAMINATION

Toni McGehee, Fannin County Auditor's Office - Assistant Auditor, Internal Audit Division

CLOSING

This report is intended solely for the information and use of your office and the Commissioners Court. I greatly appreciate the cooperation and assistance received from the management and staff of the Fannin County Tax Assessor-Collector's Office during this examination. Please contact me if you have any questions or concerns regarding this report



Fannin County Tax Assessor -Collector Org. Chart

