

AUDITOR'S REPORT

HARRIS COUNTY TAX ASSESSOR BANK ACCOUNT



July 7, 2023

**Michael Post, C.P.A., M.B.A.
Harris County Auditor**

Leslie Wilks Garcia, C.P.A., M.Jur.
First Assistant County Auditor

Errika Perkins, C.P.A., C.I.A.
Chief Assistant County Auditor
Audit Division



1001 Preston, Suite 800
Houston, Texas 77002-1817
(832) 927-4600

Fax (713) 755-8932
Help Line (832) 927-4558

MICHAEL POST, C.P.A., M.B.A.
HARRIS COUNTY AUDITOR

July 7, 2023

Dear Ann Harris Bennett, Harris County Tax Assessor – Collector:

The Harris County Auditor's Office Audit Division performed procedures relative to the Tax Assessor-Collector's (Tax Office) overpayment bank account management process, for the 16 months ending April 30, 2023. The objectives of this engagement were to determine whether:

- Property tax overpayments are monitored and accurately recorded in the Appraisals Collections Technology (ACT) system.
- User roles are authorized and appropriate in the ACT system.
- Property tax overpayment bank reconciliations are completed timely and accurately, and
- Property tax overpayments and duplicate payments are managed in accordance with applicable Texas Tax Code requirements.

Results

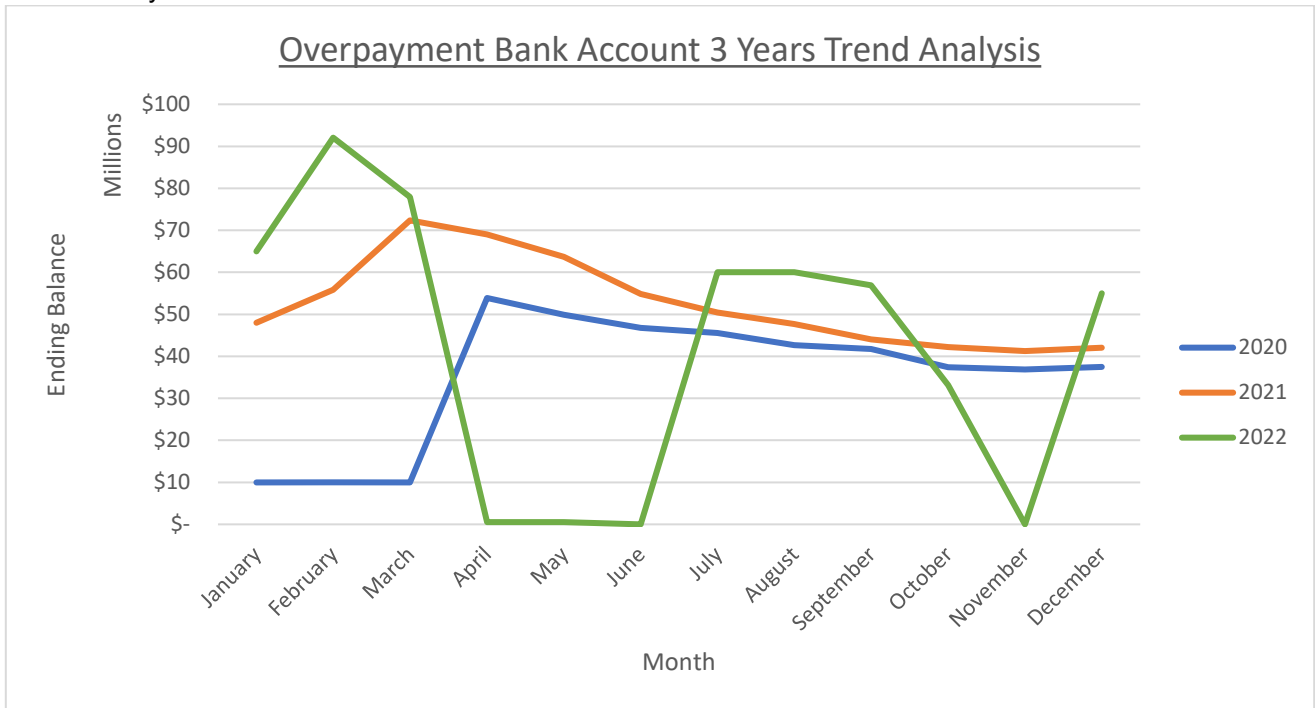
In connection with the procedures performed, no reportable issues were noted.

Background

The Tax Office uses the ACT system to collect and disburse property taxes. They maintain approximately 1.5 million tax accounts and collects property taxes for over 70 taxing entities. Harris County property tax revenue collected by the Tax Office for the 12-month fiscal year-ended, February 28, 2022, was \$2.1 billion.

The Tax Office currently manages three types of refunds: overpayments, duplicate payments, and adjustments/corrections, which are governed by different local government codes. Overpayments on taxpayers' accounts are automatically detected by ACT and moved to the Overpayment Bank Account (Cadence Bank).

The illustration below reflects month-end overpayment bank account balances for the 3-year period of 2020-2022. The data was obtained from the Cadence Bank account statements. The highest balance during the period was \$92 Million, the lowest balance was \$1,839, and the average balance was \$43 Million.



Accountability

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.

The work performed required our staff to exercise professional judgment in completing the engagement’s scope. As the engagement’s scope did not include a detailed examination of all transactions, there is a risk that fraud, errors, or omissions were not detected during this engagement. The official, therefore, retains the responsibility for the accuracy and completeness of their financial records and for ensuring sufficient controls are in place to detect and prevent fraud, errors, or omissions.

We appreciate the time and attention provided by you and your staff during this engagement. Please anticipate an email request to complete the Audit Division’s Post Engagement Survey. We look forward to your feedback. If you have any questions, please contact me or Erika Perkins, Chief Assistant County Auditor, 713-274-5673

Sincerely,

Michael Post
County Auditor

cc:

District Judges
County Judge Lina Hidalgo

Commissioner Lesley Briones
Commissioner Rodney Ellis
Commissioner Adrian Garcia

Commissioner Tom Ramsey
County Attorney Christian Menefee