

**Follow-Up of the Audit of the
Orange County Tax Collector's
Office Delinquent Tangible
Personal Property Tax
Collection Function**

**Report by the
Office of County Comptroller**

**Martha O. Haynie, CPA
County Comptroller**

County Audit Division

J. Carl Smith, CPA
Director

Christopher J. Dawkins, CPA, CIA
Deputy Director

Wendy D. Kittleson CISA, CIA
IT Audit Manager

Sheila M. Roberts, CPA, CIA
Audit Supervisor

**Report No. 423
April 2012**

TABLE OF CONTENTS

Transmittal Letter	1
Implementation Status of Previous Recommendations For Improvement	2
Introduction	4
Scope and Methodology	5
Follow-Up To Previous Recommendations For Improvement.....	6
1. The Tax Collector’s Office Should Enhance Collection Efforts for Tangible Personal Property Taxes.....	7
2. The Tax Collector’s Office Should Develop a Tracking System for Tangible Personal Property Tax Warrants	8

April 16, 2012,

Earl K. Wood, Orange County Tax Collector

We have conducted a follow-up of the Audit of the Orange County Tax Collector's Office Delinquent Tangible Personal Property Tax Collection Function, (Audit Report Number 376). Our original audit included the period of October 1, 2004 to September 30, 2005. Testing of the status of the previous Recommendations for Improvement was performed for the period October 1, 2010 through September 30, 2011.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying Follow-Up to Previous Recommendations for Improvement presents a summary of the previous condition and the previous recommendation. Following each recommendation is a summary of the current status as determined in this review.

We appreciate the cooperation of the personnel of the Tax Collector's Office during the course of the audit.

Martha O. Haynie, CPA
County Comptroller

c: Orange County Mayor and the Board of County Commissioners

**IMPLEMENTATION STATUS OF
PREVIOUS RECOMMENDATIONS
FOR IMPROVEMENT**

INTRODUCTION

INTRODUCTION



Follow-Up Audit of the Orange County
Tax Collector's Office Delinquent Tangible
Personal Property Tax Collection Function

Scope and Methodology

The scope was limited to an examination of the status of the previous Recommendations for Improvement from the Audit of the Orange County Tax Collector's Office Delinquent Tangible Personal Property Tax Collection Function, Report No. 376, issued in August of 2006. Testing of the status of the previous recommendations was performed for the audit period October 1, 2010 through September 30, 2011.

We interviewed personnel from the Tax Collector's Office, reviewed source documents, and performed the tests necessary to determine the implementation status of the previous recommendations. We have described the specific methodologies utilized during our review after the implementation status of each recommendation in the Follow-Up to Previous Recommendations for Improvement section of this report.

**FOLLOW-UP TO PREVIOUS
RECOMMENDATIONS FOR
IMPROVEMENT**



1. The Tax Collector's Office Should Enhance Collection Efforts for Tangible Personal Property Taxes

During the prior audit of collection efforts performed by the Tax Collector's Office, we noted the following:

- We reviewed the collection status on twelve outstanding warrants from the 1998 tax year. Eight of these warrants totaling \$48,940 including interest were still open for collection, and, except for three, adequate attempts to collect the delinquent taxes owed were not made. We also could not determine whether adequate steps had been taken to collect the taxes due for one of the remaining four accounts. Section 197.416, Florida Statutes, requires that the Tax Collector from time to time shall continue his efforts to collect delinquent tangible personal property taxes for a period of seven years from the date the warrant was issued.
- The Tax Collector's Office did not have a written policy establishing conditions when to seize tangible personal property of businesses or garnish bank accounts of businesses that fail to pay their tangible personal property tax. However, we had noted that over the past years, the Tax Collector's Office had collected additional monies on delinquent accounts from the sale of the delinquent taxpayer's business property.

Section 197.332, Florida Statutes, states "...the tax collector has the authority and obligation [emphasis added]... to collect delinquent taxes, interest, and costs ...by seizure and sale of personal property." If more aggressive methods of collection were employed in their attempts to collect delinquent property taxes, additional tax dollars may be collected each year.

**STATUS OF PREVIOUS
RECOMMENDATIONS
FOR IMPROVEMENT**



Follow-Up Audit of the Orange County
Tax Collector's Office Delinquent Tangible
Personal Property Tax Collection Function

We Recommend the Tax Collector's Office enhances collection efforts for delinquent tangible personal property tax warrants by developing and implementing additional written collection procedures.

Status:

Implemented. The Tax Collector's office developed and implemented additional written collection procedures that addressed documenting collection activities, as well as including guidelines for the initiation of bank garnishments and tangible personal property seizures for settlement of amounts due on outstanding warrants. We interviewed management and field inspectors to determine their awareness of written policies and procedures. They provided appropriate responses as to where the procedures are available for reference, how collection efforts should be documented, and when property seizure and garnishment should be considered and acted upon.

2. The Tax Collector's Office Should Develop a Tracking System for Tangible Personal Property Tax Warrants

During our prior audit, we noted there was no tracking system for the status of tangible personal property tax warrants. Florida Statutes provides that collection efforts for tax warrants are to be continued for seven years from the date the warrant is issued. If collection efforts are employed during the allowable seven year period, the outstanding warrant list should be updated periodically to record a current status on the collection of the warrant.

We Recommend the Tax Collector's Office develops a warrant tracking system to update the status of tax warrants on a regular basis.

**STATUS OF PREVIOUS
RECOMMENDATIONS
FOR IMPROVEMENT**



Follow-Up Audit of the Orange County
Tax Collector's Office Delinquent Tangible
Personal Property Tax Collection Function

Status:

Implemented. In 2008 the Tax Collector's Office purchased and installed an automated software application for use in recording transactions for real estate, tangible personal property, and railroad taxes. The software application's module for tangible personal property taxes contains record fields to note collection actions taken on the individual account. Warrant information is loaded into the application upon each tax year's warrants ratification. We judgmentally selected 38 delinquent tangible personal property accounts for the 2010 Tax Year and found appropriate notation of collection actions.