

# TOM GREEN COUNTY



San Angelo, Texas

## OFFICE OF THE County Auditor

February 26, 2018

The Honorable Dianna Spieker  
Tom Green County Treasurer  
112 W. Beauregard Avenue  
San Angelo, Texas 76903

Dear Ms. Spieker,

During our monthly reviews of your financial records for July 2017 through September 2017, we tested cash receipts, cash disbursements, and bank reconciliations.

In our review of your reconciliations of County bank accounts, we found:

- The July, August and September bank reconciliations for the Operating and Payroll accounts weren't completed until December.
- The District Clerk e-file September bank reconciliation wasn't completed until December.
- To date, there is no Grant bank reconciliation for August.
- The September County Clerk credit card bank reconciliation was incorrect (wrong sign) and incomplete (missing a reconciling item).
- The September County Clerk e-file bank reconciliation was incorrect (included an item which had cleared in September) and incomplete (missing a reconciling item).
- The Payroll bank reconciliations for July through September were incorrect (included an item which had cleared in September) and incomplete (missing a reconciling item).

As mentioned in our previous review letter, your documentation for the bank account reconciliations is incomplete. The Operating account, Cafe account, Grant account, and the payroll account were all missing documentation for various reconciling items during these three months. All of the documentation was eventually provided to us for our review, but had to be researched and found again. The July, August and September Operating bank account reconciliations were completed in December. One of the hindrances to balancing involved the Treasurer's personnel not following the proper steps when stale dating checks in July. Auditor's office personnel walked them through the process, as well as all of the steps necessary to correct previous actions. We highly suggest writing a step by step guideline for stale dating checks to insure the process goes smoothly in the future.

Reconciling the bank accounts in a timely manner is crucial to the proper accounting of funds, and ensures that the balances in the account reflect the legitimate financial activity of the County for that month. In addition, during this same time you presented a signed affidavit to the Commissioners Court, as part of your monthly report, that "The Bank Statements have been reconciled..." Local Government Code requires bank accounts to be reconciled by the Treasurer, and we recommend as a long standing practice, that they be reconciled by the end of the succeeding month.

On September 1<sup>st</sup> your staff tried to send a wire out of the account and asked for the Auditor's office to approve it. Upon review of the proposed wire, we found there were not sufficient funds in the account to

make the transfer you were attempting. We recommend verifying the balances in the accounts prior to initiating an outbound wire.

On September 30<sup>th</sup> your office wired \$442,258.88 to the Texas County and District Retirement System for the County's September 2017 contribution. Personnel from your office performed both approvals of the wire. Per Local Government Code 113.043 and 113.064, all orders for payment, which include electronic payments, must include the Auditor's review and counter signature. The Auditor's approval is required on all wires that result in an outbound transaction or a final disposition of funds.

We also recently discovered that the employee service award gift cards were not included in employees' taxable income. According to the Internal Revenue Service, cash or cash equivalent items provided by the employer are never excludable from income. Gift certificates that are redeemable for general merchandise or have a cash equivalent value are not de minimis benefits and therefore, are taxable. In order to be in compliance with this IRS policy for 2018, we highly suggest that all gift cards presented to employees this calendar year, to include those presented on January 9<sup>th</sup>, be taxed through payroll.

We had previously discussed with you separately some minor findings that do not represent a major impact to our review. We appreciate your cooperation during the reviews. If you have any questions or concerns, feel free to contact my office.

Very cordially,



Nathan Craddock  
County Auditor

Cc: The Honorable Barbara Walther  
District Judge, 51st Judicial District

The Honorable Commissioners Court  
Tom Green County, Texas