

GALVESTON COUNTY



Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor
Madeline Walker CPA CFE, First Assistant County Auditor

P.O. Box 1418, Galveston, Texas 77553

(409) 770-5304

722 Moody Ave 4th Floor, Galveston, TX 77550

November 28, 2022

Honorable Mark A. Henry, County Judge, and
Members of the Commissioners Court
722 Moody Avenue
Galveston, Texas 77550

Honorable Mark A. Henry and Members of the Court:

Attached to be received and filed is the internal audit report of the FY2022 Property Tax Refunds Review that covered the period October 1, 2021 through September 30, 2022. Also attached is the response letter from Honorable Cheryl E. Johnson, dated November 18, 2022.

Sincerely,

Madeline Walker CPA, CFE

on behalf of
Randall Rice CPA
County Auditor

cc: Honorable Cheryl E. Johnson

Attachment: FY2022 Property Tax Refunds Review Report
Response Letter, Tax Assessor-Collector Cheryl E. Johnson

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722 Moody Ave 4th Floor, Galveston, TX 77550

November 9, 2022

To: Honorable Cheryl Johnson
Tax Assessor-Collector

From: Randall Rice
Galveston County Auditor

Re: FY2022 Property Tax Refunds Review

The Galveston County Auditor's Office is required by statute to review property tax refunds. Internal Audit reviews refunds on a quarterly basis after refunds have been issued. We performed testing on a judgmental sample of the refunds submitted.

Our testing included verifying the accuracy of the calculated refund amount as well as ensuring the refund is being issued to the correct payee at the proper payee address. The reviews performed by both the Tax Office and the Auditor's Office are critical to preventing/detecting fraud and minimizing incorrect payments to property owners. Since the review is not a detailed examination of all transactions, there is some risk that errors and fraud may not always be detected. The official retains the responsibility for the accuracy and completeness of the financial information.

During the fiscal period October 1, 2021 through September 30, 2022, our office reviewed refunds consisting of 13,460 checks totaling \$15,460,483.81. There were 7,735 refunds totaling \$7,516,599.97 issued in the prior year. Accordingly, there has been a 74.01% (5,725) increase in the number of refunds issued and a 105.68% (\$7,943,883.84) increase in the dollar amount of refunds issued. Per the Tax Office, the increase in refunds is due to several reasons. There was a significant increase in appraisal value losses as a result of lawsuits over the prior year. The 2021 Truth in Taxation County Worksheet's taxable value lost due to final court decisions was \$18,486,110. The 2022 Truth in Taxation County Worksheet's taxable value lost due to final court decisions was \$266,225,253. Finally, the City of La Marque issued 7,000 refunds due to a tax rate rollback. The rollback for the 2021 tax rate, occurred after taxes had been collected. Per election results, the 2021 tax rate was adjusted from \$0.550764 per \$100 of assessed value to \$0.477076, in a 13.38% decrease, resulting in 7,415 refunds totaling more than \$800,000.00.

Of the refunds reviewed by Internal Audit, no material exceptions were found. The Tax Office staff continues to follow established processing procedures regarding property tax refunds.

We wish to thank Cheryl Johnson and her staff for their cooperation and assistance.

cc: Madeline Walker CPA CFE, First Assistant County Auditor



Cheryl E. Johnson, PCC, CTOP
Galveston County Tax Assessor/Collector
722 Moody, Galveston, Texas 77550
cheryl.e.johnson@co.galveston.tx.us
1-409-766-2260



November 18, 2022

Mr. Randall Rice, CPA, CISA, CIO
Galveston County Auditor
722 Moody Avenue
Galveston, Texas 77550

Re: FY 2022 Property Tax Refunds Review

Dear Mr. Rice:

I am in receipt of the above referenced audit and am pleased that, as over the last 13+ years, the audit has been without findings, particularly in light of the extraordinarily high number of refunds required to be issued during the fiscal year for the reasons noted in your report.

As you know, the successes in the County Tax Office would not have been possible without a great Property Tax Department team, the daily, monthly and quarterly audits we perform internally along with the assistance and high level of expertise provided by the audit team of the County Auditor's Office.

Once again, I wish to express my appreciation to you and your team. Our partnership over the last 17+ years has resulted in improved accountability within the Galveston County Tax Office with the property owners and government partners beneficiaries of our combined effort.

Please extend my appreciation to Ms. Hicks along with other members of your team who assisted with this audit.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl E. Johnson".

Cheryl E. Johnson

cc: LaTonya Dominick, PCC, Chief Deputy Property Tax & Support Services
Celeste McGilberry, Internal Auditor, Galveston County Auditor's Office
Lori McWhirter, Internal Auditor, Galveston County Auditor's Office