



COUNTY AUDITOR
Fort Bend County, Texas

Robert Ed Sturdivant
County Auditor

281-341-3769, 281-341-3744 (fax)
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December 10, 2014

Honorable Members of Commissioners' Court:

The Auditor's Office requested reports from Ernie Croucher Auctioneers for the October 25, 2014 auction so the proceeds could be properly allocated and all participants paid correctly. Several reports were not received and there was additional information that was necessary in order to accurately pay Sales Tax and file the Texas Sales and Use Tax Return Report form with the State Comptroller, refund overcharges to buyers and disburse the funds to the appropriate participating County Offices and outside entities.

Fort Bend County was overcharged on the Commission on the first Consignor Totals by Consignor report provided by the auctioneer. The contracted commission rate is 7% for Public Transportation vehicles and 9% for all other vehicles and items. The commissions calculated on the report provided the day of the auction ranged from 10% for Public Transportation to 20% for the Commissary. There was an \$8,848.17 discrepancy in what could have been paid in error for the commission. The Auditor's office requested a corrected report and received it on November 10, 2014. The second report was not complete and did not include totals for balancing. Public Transportation's Commission rate was not adjusted correctly and they were assessed 9% instead of the contracted rate of 7%. No corrected final Consignor Totals by Consignor was provided to adjust Public Transportation rate to the correct 7% commission.

There were three invoices that had overlapping lot numbers and fifteen missing invoices with no information supporting why they were not available. There was sales tax in the amount of \$156.75 collected on a vehicle and that is not allowable. Sales tax was not assessed on some items when it should have been according to the paperwork provided. Credit Card fees assessed by the Auctioneer were charged at a greater rate than the authorized 2% for seven buyers. The seven buyers were overcharged a total of \$11.37 that Fort Bend County will refund.

Sales Tax paid to the Texas Comptroller of Public accounts cannot be accurately calculated until all Texas Sales Tax and Use Exemption Certificates are provided. They were not provided until December 1, 2014 upon request by the Auditor's Office. There was still one certificate missing that would have reduced the commission by another \$556.88 if there was no exemption certificate available. That was provided on December 4, 2014 upon the second request. The names on Texas Sales Tax & Use Exemption Certificates do not always correspond with the buyer's name and it is difficult to determine whether the buyer(s) should be exempt from Sales Tax. One buyer from Louisiana was not allowed to transfer the titles of the eight vehicles he purchased in his home state because the name on the invoices did not correspond to his Louisiana/Federal Tax ID. The Auctioneer was asked to reissue the invoices in the proper business name. All individual's and/or

businesses' names should correspond to the State Sales Tax & Use Exemption Certificates and that is not the standard procedure of the auctioneer.

All buyers are required to provide Bank Letters of Guarantee when purchasing auction items from Fort Bend County Auctions by check. The Auditor has continued to request the letters and they have not been provided to the Treasurer the day of the sale until this year. In the past and this year upon request the auctioneer provides all of the letters except one and we have been advised there will not be a letter for a specific buyer.


The Auction Agreement requires advertising once a week for two weeks prior to the auction in the Fort Bend Herald, Houston Chronicle and the Southwest Star. On 11/10/14 the Auditor received the tear sheets for the Fort Bend Herald. October 22, 2014 tear sheet in the Southwest Star is still needed. On November 19, 2014 Mr. Croucher provided one of the two tear sheets for October 19th in the Houston Chronicle. The ads were only one week not the required two weeks prior to the auction and we still have not received proof that all ads were placed in the designated newspapers. The tear sheets from the Houston Chronicle on October 23rd and the Southwest Star on October 22nd for advertising of the auction on October 25, 2014 auction were never provided.


The Auctioneer has changed auction software and has not been able to provide reports that allow an accurate accounting of all Fort Bend County and participating entities' assets that were auctioned and awarded for a specific amount or given away. One of the reports provided only included the buyers and the invoices did not include the \$0.00 received for some auction items. No itemized report by department for the merchandise sold on behalf of Fort Bend County Departments and outside entities that participated in the auction was available. There is no one report that includes all the information necessary to analyze and accurately distribute all collections received for the auction. The following or comparable reports that had been provided in the past from the Auctioneer were missing: Detailed Sales Tax Report, Final Statement, Department Report, Yard Sales Report, and Lot Sales Report. Complete and correct reports are necessary to accurately account for and properly disburse the auction funds in a timely manner.


The requested adjusted amount to pay Ernie Croucher Auctioneers is \$30,480.40 instead of the invoiced amount of \$30,507.77.

Your consideration is appreciated.

Sincerely,

Deby R. Donlin 
Internal Audit Supervisor
(281) 344-3963

Nancy A. Henderson 
Internal Audit Assistant
(281) 344-3972

Cc: Robert Ed Sturdivant 
Fort Bend County Auditor



Ernie Croucher Auctioneers

Investment Recovery Specialist

2122 Country Mile Ln. • Richmond, TX 77469
(281) 341-9169 • Fax: (281) 341-9169 • Mobile: (713) 882-9578
www.ernieauction.com

Invoice For Professional Auction Service

**To: Fort Bend County
Attn: Gilbert D. Jalomo Jr. CPPB
301 Jackson St. Suite 201
Richmond, Texas 77469**

On October 25th, 2014 Ernie Croucher Auctioneers conducted an auction of vehicles and miscellaneous surplus items for Fort Bend County, Texas. The auction was held at 9110 Long St. Needville, Texas. The gross sale was \$344,068.47 with a net less tax of \$338,975.00.

Commission on \$388,975.00-----\$30,507.77
overcharges on Credit Card fees 1.37
Total Due \$30,507.77 *2% overcharge on Commission 16.00*
for Public Transportation **\$30,480.40**

Please remit to Ernie Croucher Auctioneer 2122 Country Mile Lane Richmond, Texas 77406

Thank you for the opportunity to serve you. Should you have any questions please call 713-882-9578.

Ernie Croucher
**Thank you,
Ernie Croucher**

