



Thomas A. Schweich
Missouri State Auditor

**FOLLOW-UP REPORT ON
AUDIT FINDINGS**

Dunklin County



June 2012
Report No. 2012-59

<http://auditor.mo.gov>

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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Dunklin County

We have conducted follow-up work pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program on certain audit report findings contained in Report No. 2011-91, *Dunklin County*, issued in October 2011. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the County about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
 - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
 - In Progress: Auditee has begun to implement and intends to fully implement the recommendation.
 - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
 - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the county, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation submitted by county officials. Documentation provided included bank reconciliations, monthly deposit listings, daily abstracts of collections and deposits, and monthly settlements. We discussed the status of significant findings with county officials and any corrective action taken regarding those findings. This report is a summary of the results of this follow-up work, which was substantially completed during April 2012.

A handwritten signature in black ink that reads "Thomas A. Schweich".

Thomas A. Schweich
State Auditor

Dunklin County

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Status of Findings

4. Property Tax and Collector-Treasurer Controls and Procedures The County Collector-Treasurer's accounting and reporting procedures were not sufficient and did not provide adequate assurance that all property tax receipts and disbursements were accounted for properly. In addition, the County Clerk did not maintain an adequate account book or other records summarizing all property tax transactions each month.

4.1 Annual settlements As of the completion of our fieldwork on May 5, 2011, the County Collector-Treasurer had not prepared annual settlements of property taxes since taking office in April 2009. The County Clerk later indicated the annual settlements for 2008, 2009, 2010, and 2011 were completed on May 31, 2011. We obtained copies of the 2011 and 2010 settlements and noted significant differences.

Recommendation The County Collector-Treasurer prepare and file annual settlements as required by state law.

Status **Implemented**

The year ended February 29, 2012, annual settlement was completed and filed with the County Commission in April 2012. The County Collector-Treasurer and County Clerk have implemented procedures to be performed monthly to ensure annual settlements will be prepared and filed timely in future years (see sections 4.2 and 4.3).

4.2 Liabilities The Collector-Treasurer's office did not prepare a list of liabilities at the end of the month and reconcile the list to the cash balance. As a result, the County Collector-Treasurer's office was unable to agree reconciled cash balances to related liabilities. Based on a review of the County Collector-Treasurer's records, we identified liabilities totaling \$906,507 at February 28, 2011. The reconciled bank balance of \$952,895 exceeded identified liabilities by \$46,388. Our prior audit of the County Collector-Treasurer noted the reconciled bank balance exceeded identified liabilities by \$36,592 at February 28, 2007. The County Collector-Treasurer could not determine the reasons for the fluctuation between identified liabilities and the reconciled bank balances.

Recommendation The County Collector-Treasurer prepare monthly lists of liabilities, reconcile the lists to the reconciled bank balance, and investigate any unreconciled differences. After sufficient efforts are made to resolve discrepancies, any remaining unidentified monies should be disposed of in accordance with state law.

Status **Implemented**

In March 2012, the County Collector-Treasurer determined unidentified monies in her bank account totaled \$46,587, much of which was in the account when the Collector-Treasurer took office in 2009. She could not



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determine to which taxing entities these monies were due. A court order was issued from the County Commission for the Collector-Treasurer to disburse these monies to the various taxing entities in the county at the same rate interest is currently disbursed to these taxing entities. These disbursements were made on March 31, 2012.

In addition, the County Collector-Treasurer now has various mid-month and month-end procedures to ensure all monies in the bank account are identified. The bank account is reconciled bi-monthly and compared to the bi-monthly abstracts of collections by taxing entity and daily abstracts of collections and deposits. Any differences are immediately investigated. In addition, monthly settlements are prepared documenting collections by taxing entity to be disbursed at month-end. These monthly settlements are provided to the County Clerk and County Commission for review.

4.3 Account book

The County Clerk did not maintain an adequate account book or other records summarizing all property tax transactions each month. The County Clerk maintained spreadsheets which included beginning tax book totals, monthly collections, and monthly totals for additions and abatements, but did not include protested taxes or delinquent balances. In addition, the County Clerk and County Commission did not perform procedures to verify the accuracy of the County Collector-Treasurer's monthly settlements.

Recommendation

The County Clerk maintain an account book of all property tax transactions with the County Collector-Treasurer. Additionally, the County Commission and County Clerk should perform a thorough review of the County Collector-Treasurer's monthly and annual settlements.

Status

Implemented

The County Clerk keeps a detailed account book of County Collector-Treasurer operations on a monthly basis and now includes protested and delinquent taxes in the account book. The County Clerk obtains addition and abatement information from the property tax system monthly and uses this information to keep updated current and back tax book totals in her account book on a monthly basis. She also obtains monthly settlements from the County Collector-Treasurer. The monthly reports are totaled at year-end and compared to the County Collector-Treasurer's annual settlements to ensure accuracy. In addition, the Commission is reviewing monthly and annual settlements received from the County Collector-Treasurer.