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# FOLLOW-UP REPORT ON AUDIT FINDINGS

## Clinton County Collector and Property Tax System

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September 2015  
Report No. 2015-075



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<http://auditor.mo.gov>

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# Clinton County Collector and Property Tax System

## Follow-Up Report on Audit Findings

### Table of Contents

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State Auditor's Letter	2
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#### Status of Findings\*

1.1	County Collector's Controls and Procedures - County Collector duties .....	3
1.2	County Collector's Controls and Procedures - Receipting and depositing .....	3
1.3	County Collector's Controls and Procedures - Bank accounts and reconciliations .....	4
1.4	County Collector's Controls and Procedures - Disbursements .....	5
2.	Property Tax System.....	5

\*Includes selected findings



**NICOLE R. GALLOWAY, CPA**  
**Missouri State Auditor**

To the County Commission  
and  
County Collector  
Clinton County, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2015-009, *Clinton County Collector and Property Tax System* (rated as Poor), issued in February 2015, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. 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 specific plans to begin, or 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 documentation provided by county officials and held discussions with the officials to verify the status of implementation for the recommendations. Documentation provided by the county included bank statements and reconciliations, monthly settlements, receipt and disbursement records, and various other financial records. This report is a summary of the results of this follow-up work, which was substantially completed during June and July 2015.

Nicole R. Galloway, CPA  
State Auditor

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# Clinton County Collector and Property Tax System

## Follow-Up Report on Audit Findings

### Status of Findings

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1.1 County Collector's Controls and Procedures - County Collector duties

The County Collector's duties were not routinely performed in the County Collector's office in the Clinton County courthouse and the County Collector was not present to oversee day to day operations of the office or her office staff. Monies in the County Collector's office were not stored according to normal office procedures, making them prone to loss and theft. After auditors inquired about approximately \$50,000 in deposits in transit listed on the most recent bank reconciliation, the Deputy Collector found 2 money bags with \$46,208 in cash (including \$42,000 in \$100 and \$50 denominations) in a cabinet in the office closet.

**Recommendation**

The County Collector adequately perform or delegate and oversee the duties of the office of County Collector and account for monies found in the closet.

**Status**

**In Progress**

On May 31, 2014, a vacancy occurred in the County Collector's office due to County Collector Sharon Cockrum's resignation. The Governor appointed Shelly King as County Collector and she served from June 17, 2014, until March 2, 2015, at which time newly elected County Collector Michele Wells took office.

The County Collector now comes to the office on a daily basis and oversees the operations of her office. Based on an inspection of the office, including the closet where money was previously found, all monies seem to be adequately stored either in a cash drawer or in the safe. The Deputy County Collector deposited the cash found in the office closet on May 29, 2014; however, no corresponding distributions were made at that time. As discussed in the status to section 1.4, the current County Collector is working to identify and distribute monies remaining in accounts prior to her taking office.

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1.2 County Collector's Controls and Procedures - Receipting and depositing

The County Collector did not always receipt monies timely and in some cases did not issue receipts. In addition, deposits were not always identifiable by the composition of receipts, cash and checks shown as received on the same date were often deposited separately and on different dates, and deposits were not made timely or intact.

**Recommendation**

The County Collector ensure all monies received are issued receipt slips, timely receipted, and deposits are made intact and timely.

**Status**

**Implemented**

The County Collector's office now issues receipt slips for all monies received. Monies received for duplicate property tax receipts, which was previously not receipted or turned over, are now receipted and turned over to the County Treasurer monthly. The monthly settlement showed duplicate



Clinton County Collector and Property Tax System  
Follow-up Report on Audit Findings  
Status of Findings

receipt collections of \$386 received and turned over for May 2015. The County Collector indicated she ensures the composition of receipts per the system matches the composition of receipts deposited daily. A review of deposit slips and subsequent comparison to check registers for May 2015 indicated that monies were deposited intact and timely.

1.3 County Collector's  
Controls and Procedures  
- Bank accounts and  
reconciliations

The County Collector's office did not prepare bank reconciliations for 4 of the 5 bank accounts, maintain a check register for 4 bank accounts, or identify or reconcile liabilities with cash balances for any of the 5 bank accounts. In the main account, bank reconciliations were not performed from December 2013 through April 2014, bank reconciliations from March 2013 through November 2013 were insufficient, a check register was not prepared from January 2014 through May 2014, and the check register did not contain sufficient information when prepared. Additionally, a listing of liabilities was not prepared or reconciled with cash balances for the County Collector's main account. The County Collector had not established procedures to ensure bank statements were reviewed for the credit card, partial payment, protested tax, and Tax Maintenance Fund accounts. When reconciliations were performed for the County Collector's main account, the County Collector did not investigate differences; instead an adjustment for the amount was entered in the check register to account for the difference.

Recommendation

The County Collector maintain a check register for all bank accounts. In addition, the County Collector should prepare and document bank reconciliations on a monthly basis and compare lists of liabilities to the reconciled balance. An attempt should be made to identify and resolve the differences in the cash balance that currently exist in the main account.

Status

**In Progress**

The County Collector established new bank accounts when taking office on March 2, 2015, and a check register is now maintained for all accounts. The monthly settlements are utilized to disburse monies and bank reconciliations are prepared for each account monthly and timely. The reconciled bank balance is compared to a list of liabilities for each of the County Collector's accounts. We reviewed check registers, bank reconciliations, and related lists of liabilities for May 2015 for all 5 accounts and noted liabilities agreed to the reconciled balance.

The County Collector is working to resolve the balances remaining when she took office in the main, protested tax, and partial payment accounts. The County Collector indicated she is in the process of determining a reasonable method of distributing this money to the taxing authorities. She indicated some of it was collected prior to 2008 and there are no records showing who that money should be distributed to.



Clinton County Collector and Property Tax System  
Follow-up Report on Audit Findings  
Status of Findings

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1.4 County Collector's  
Controls and Procedures  
- Disbursements

The County Collector did not adequately evaluate liabilities when reconciliations were performed. As a result, the County Collector did not disburse some monies timely.

Recommendation

The County Collector distribute collections of interest, surtax, and tax sales timely.

Status

**In Progress**

The County Collector disburses monthly collections, including interest, timely. We reviewed the May 2015 disbursements and determined interest was disbursed to political subdivisions appropriately. Surtax received was also distributed in May 2015 and the County Collector indicated she will distribute surtax collections at least annually. Interest collected prior to the current County Collector taking office has not been distributed. The County Collector indicated she will distribute the accumulated interest once she determines the appropriate way to do it.

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2. Property Tax System

The County Clerk and County Commission did not provide adequate monitoring over property tax system activities.

2.1 Annual settlements

The County Collector did not file the annual settlement for the year ended February 28, 2014, timely.

Recommendation

The County Collector file timely annual settlements.

Status

**In Progress**

The current County Collector is in the process of preparing the annual settlement for the period ended February 28, 2015. The interim County Collector did not complete the annual settlement before leaving office and did not leave monthly settlement reports necessary to complete the settlement. The current County Collector is recreating the reports from system information in order to prepare the annual settlement.

2.2 Additions and  
abatements

The County Clerk and County Commission did not adequately review property tax additions and abatements. The County Clerk prepared court orders monthly indicating only the grand totals of additions and abatements for the County Commission to approve based on reports the County Clerk generated from the property tax system. The County Clerk did not receive information from the County Assessor's office to verify the additions and abatements information in the property tax system. In addition, the County Collector had access in the property tax system to make addition and abatement changes and could also make address changes, enter tax rates, and outlaw taxes.



Clinton County Collector and Property Tax System  
Follow-up Report on Audit Findings  
Status of Findings

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**Recommendation**

The County Commission and the County Clerk develop procedures to ensure all property tax additions and abatements are properly approved and monitored. In addition, the County Collector ensure property tax system access rights are limited to only what is needed for the users to perform their job duties and responsibilities.

**Status**

**Partially Implemented**

The County Commission now reviews, approves and signs a detailed report of all additions and abatements in the property tax system on a monthly basis. The County Clerk generates this list from the property tax system and compares it to addition and abatement forms from the County Assessor to verify the information in the system. We reviewed additions and abatements made for the month of May 2015 and the Presiding Commissioner signed the report. County officials indicated there have been no changes or plans to change the ability of the County Collector to make additions and abatements within the property tax system due to limitations in the system used by the County Assessor's office.

**2.3 Review of activity**

Neither the County Commission nor the County Clerk adequately reviewed the annual settlements of the County Collector. The County Clerk did not investigate the identified differences between the County Clerk's account book and the County Collector's reports from the property tax system. In addition, the County Commission did not perform procedures to verify the accuracy and completeness of the County Collector's annual settlements.

**Recommendation**

The County Clerk and the County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.

**Status**

**In Progress**

The County Collector has not completed the annual settlement for the year ended February 28, 2015. The County Collector has prepared monthly settlements since taking office in March 2015. The County Clerk uses reports from the property tax system and addition and abatement forms from the County Assessor to maintain an account book. The County Clerk uses the account book to review the accuracy and completeness of the County Collector's monthly settlements. We reviewed the account book and monthly settlement for May 2015 and noted no discrepancies.

**2.4 Password controls**

The County Collector had not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees were not required to change passwords on a periodic basis and employees shared passwords.



Clinton County Collector and Property Tax System  
Follow-up Report on Audit Findings  
Status of Findings

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**Recommendation**

The County Collector require unique passwords for each employee that are kept confidential and periodically changed, to prevent unauthorized access to the County Collector's computers and data.

**Status**

**Implemented**

The County Collector utilizes individual confidential passwords for each user and requires employees change their passwords at least every 90 days.