



Office of Missouri State Auditor  
**Nicole Galloway, CPA**

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Summary of County Audit  
Findings - County Collector and  
Property Tax System

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# Summary of County Audit Findings

## County Collector and Property Tax System

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## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

Honorable Eric R. Greitens, Governor  
and  
Members of the General Assembly  
Jefferson City, Missouri

This report was compiled using county and County Collector audit reports issued between July 2014 and June 2016 (within report numbers 2014-047 through 2014-143, 2015-001 through 2015-135, and 2016-001 through 2016-042). This summary excludes county contracted financial statement audits and county follow-up reports issued during this period. The objective of this report is to summarize recent County Collector and property tax system issues and recommendations.

The recommendations address a variety of topics including County Commission and County Clerk review of property tax activity, property tax system information security controls, and County Collector segregation of duties, annual settlements, liabilities, receipting and depositing, bank accounts and reconciliations, and other issues. The Appendix lists the 45 reports with findings covering these topics.

A handwritten signature in black ink, reading "Nicole R. Galloway", is positioned above the printed name of the State Auditor.

Nicole R. Galloway, CPA  
State Auditor

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# Summary of County Audit Findings

## County Collector and Property Tax System

### Management Advisory Report - State Auditor's Findings

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#### **1. Property Tax System Controls and Procedures**

##### **1.1 Account book**

The County Clerk did not maintain, or accurately and completely maintain, an account book or other records summarizing property tax charges, transactions, and changes. As a result, there is an increased risk of loss, theft, or misuse of property tax monies going undetected.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records that summarize all taxes charged to the County Collector,<sup>1</sup> monthly collections, delinquent credits, additions and abatement, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector are complete and accurate.

#### **Recommendation**

The County Clerk maintain an accurate and complete account book with the County Collector.

#### **Report source**

2014-047	Taney County
2014-080	Andrew County
2014-093	Dent County
2014-095	Webster County
2014-109	Miller County
2014-122	Worth County
2014-125	Osage County
2014-135	Perry County
2015-024	Barry County
2015-025	Butler County Collector and Property Tax System
2015-068	DeKalb County
2015-072	Carter County Collector and Property Tax System
2015-099	Ralls County
2015-111	Cooper County Collector and Property Tax System
2015-117	Phelps County
2015-120	Pemiscot County
2015-123	Butler County

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<sup>1</sup> Use of the title County Collector throughout the report is inclusive of County Collector-Treasurers included in the following reports: Livingston County Collector-Treasurer and Property Tax System (2014-052), Texas County (2014-094), DeKalb County (2015-068), Grundy County (2015-079), Harrison County (2015-115), Henry County (2015-133), Dunklin County (2016-020), and Linn County (2016-036). A County Collector-Treasurer is elected in those counties having adopted the township alternative form of county government.



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2015-134 Pulaski County  
2016-024 Ozark County  
2016-027 Stone County

## 1.2 Review of annual settlements

The County Clerk and/or County Commission did not perform, or adequately perform, procedures to verify the accuracy and completeness of the County Collector's annual settlements. As a result, there is an increased risk of loss, theft, or misuse of property tax monies going undetected.

Section 139.190, RSMo, requires the County Commission to carefully and fully examine the annual settlement of the County Collector and for the County Clerk to certify the amounts to the state. The County Clerk's account book should be used by the County Clerk and the County Commission to verify the County Collector's annual settlements.

## Recommendation

The County Clerk and the County Commission review the accuracy and completeness of the County Collector's annual settlements.

### Report source

2014-047 Taney County  
2014-080 Andrew County  
2014-093 Dent County  
2014-095 Webster County  
2014-109 Miller County  
2014-122 Worth County  
2014-125 Osage County  
2014-133 Reynolds County  
2014-135 Perry County  
2015-009 Clinton County Collector and Property Tax System  
2015-024 Barry County  
2015-025 Butler County Collector and Property Tax System  
2015-068 DeKalb County  
2015-072 Carter County Collector and Property Tax System  
2015-099 Ralls County  
2015-111 Cooper County Collector and Property Tax System  
2015-117 Phelps County  
2015-120 Pemiscot County  
2015-123 Butler County  
2015-134 Pulaski County  
2016-020 Dunklin County  
2016-024 Ozark County  
2016-027 Stone County

## 1.3 Tax books

The County Clerk did not prepare the current and/or delinquent tax books. In addition, the County Clerk and/or County Commission did not verify, or document verification work performed, of the accuracy of the tax books. A documented review of tax books should include verification of individual



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entries in the tax books and recalculating tax book totals and charges. Failure to perform adequate and documented reviews of the tax books may result in errors or irregularities going undetected.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and delinquent tax books and charge the County Collector with the amount of taxes to be collected. Section 140.040, RSMo, requires the County Commission to examine and correct delinquent tax listings. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, the accuracy of the tax books should be verified and approval of the tax book amounts to be charged to the County Collector should be documented.

## Recommendation

The County Clerk prepare the current and delinquent tax books and/or the County Clerk and/or County Commission verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts to be collected. Procedures performed should be documented.

### Report source

2014-047 Taney County  
2014-095 Webster County  
2014-120 Iron County  
2014-122 Worth County  
2014-136 Shannon County  
2015-025 Butler County Collector and Property Tax System  
2015-068 DeKalb County  
2015-072 Carter County Collector and Property Tax System  
2015-134 Pulaski County  
2016-027 Stone County

### 1.4 Additions, abatements, and outlawed taxes

The County Clerk and/or County Commission did not adequately review and approve all property tax additions and abatements, and/or outlawed taxes, or reconcile approved additions and abatements to changes made in the property tax system. As a result, additions, abatements, and outlawed taxes, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly monitored and errors or irregularities could go undetected.

Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. If it is not feasible for the County Clerk to make corrections to the tax books, an independent reconciliation of approved additions, abatements, and outlawed taxes to actual changes made to the property tax system would help to ensure changes are proper.

## Recommendation

The County Clerk and/or the County Commission adequately review and approve all additions, abatements, and/or outlawed taxes. The County Clerk



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and County Commission should reconcile approved changes to those made in the system.

Report source	2014-047	Taney County
	2014-095	Webster County
	2014-104	Lewis County Collector and Property Tax System
	2014-109	Miller County
	2014-113	Howell County
	2014-120	Iron County
	2014-133	Reynolds County
	2015-009	Clinton County Collector and Property Tax System
	2015-072	Carter County Collector and Property Tax System
	2015-099	Ralls County
	2016-027	Stone County

**1.5 Aggregate abstracts** The County Clerk did not prepare, or timely prepare, the land and personal, railroad and utility, and back tax aggregate abstracts.

Section 137.295, RSMo, requires the County Clerk to prepare these reports and forward them to the Department of Revenue (DOR) and State Tax Commission (STC) upon completion of current and delinquent tax books.

**Recommendation** The County Clerk prepare and timely file aggregate abstracts with the DOR and STC.

Report source	2014-120	Iron County
	2015-134	Pulaski County

**1.6 City commissions and contracts** The county did not withhold payroll taxes from the city commissions paid to the County Collector as required or report the commissions paid on W-2 forms. The county's practice of handling city commissions in this manner was in violation of a strict interpretation of payroll tax regulations. As a result, the county was at risk of incurring additional payroll liabilities plus interest and penalties. Internal Revenue Service regulations require all compensation paid to employees be subject to payroll tax and reported on W-2 forms.

**Recommendation** The County Commission ensure commissions paid to the County Collector are subject to payroll taxes and properly reported on W-2 forms. The County Commission and County Collector should consider these additional costs and reevaluate the existing city tax collection contracts.

Report source	2014-134	Laclede County
	2015-134	Pulaski County



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### 1.7 Penalties on delinquent taxes

The County Collector personally retained a portion of the penalty on delinquent taxes for some political subdivisions instead of distributing all penalty amounts collected as provided by state law.

Section 52.290, RSMo, allows for the collection of the 7 percent penalty on delinquent taxes and provides for the penalty to be distributed as follows: two-sevenths to the County General Revenue Fund, two-sevenths to the Tax Maintenance Fund, and three-sevenths to the County Employee Retirement Fund (CERF). Any penalty charged to taxpayers should be based on state law.

### Recommendation

The County Commission and County Collector ensure fees and penalties charged on delinquent city taxes are based upon applicable state laws or city ordinances.

Report source

2014-134 Laclede County

### 1.8 Payment in lieu of taxes

The County Collector and County Treasurer did not distribute payment in lieu of taxes (PILT) received from the Department of Conservation to applicable political subdivisions for many years, or report the PILT on the County Collector's annual settlements.

Article IV, Section 43(b) of the Missouri Constitution requires the payments to be distributed to the appropriate political subdivisions as payment in lieu of taxes for privately-owned land acquired by the Conservation Commission.

### Recommendation

The County Collector and County Treasurer distribute PILT received from the Department of Conservation to the applicable political subdivisions and the County Collector include the receipt and distribution on the annual settlement. In addition, the County Collector and County Treasurer should determine if previous years' payments should also be distributed.

Report source

2015-117 Phelps County

### 1.9 Collection of delinquent taxes

The County Collector did not apply tax payments to the oldest delinquent taxes first, in violation of state law.

Sections 140.110.2 and 140.110.3, RSMo, require payment of personal and real property taxes to be applied to the oldest of any delinquent taxes before accepting payment for current taxes. Without adequate procedures in place to ensure compliance with these statutory requirements, there is an increased risk that personal property taxes could be outlawed and never collected. Additionally, taxpayers may not be aware that real estate property taxes remain delinquent that could result in increased penalties and interest and could also result in properties being sold at a tax sale.





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## Recommendation

The County Collector apply all property tax payments to the oldest taxes due as required by state law.

Report source

2015-025 Butler County Collector and Property Tax System

### 1.10 Fire district taxes

The former County Assessor changed the application of property tax levies in the property tax system for a fire district, and as a result, taxes for the fire district were not properly levied to some residents. While the County Clerk had procedures in place to review the tax book, they were not sufficient to identify these changes made by the former County Assessor.

The Circuit Court ordered the county to levy these remedial taxes that were not previously levied, and further ordered the county to levy these remedial taxes as a current tax and no penalties or interest to be imposed on any taxpayer for 1 year from the date of the tax statement submitted to the taxpayer.

To ensure property taxes are properly charged to county taxpayers, a thorough review of changes made to the property tax system is necessary.

## Recommendation

The County Commission ensure remedial taxes are levied in accordance with the Circuit Court's judgment. In addition, the County Clerk should review all changes made to the property tax system by the County Assessor and recalculate total taxes charged to each taxing district to ensure tax books are accurate.

Report source

2014-047 Taney County

### 1.11 Utility tax distributions

The County Collector did not correctly distribute utility taxes to various school districts in the county. The primary reason for these errors was a programming mistake in the tax extension phase of the property tax system that caused the school district names to not be in alignment with their respective distribution calculation. The County Collector relied on the property tax system for the distribution calculations and did not manually verify the calculations or compare the distributions to the tax statements resulting in the error going undetected for 10 years. In addition, reviews performed by the County Auditor did not detect this error.

To ensure all future distribution calculations are correct, the County Collector and County Auditor should implement procedures to properly review all calculations and distributions for accuracy.

## Recommendation

The County Collector and County Auditor ensure future utility tax distributions are computed properly and reviewed for accuracy.

Report source

2014-047 Taney County



## 2. Electronic Data Security

### 2.1 Access rights and privileges

The County Collector and office personnel's access to the property tax system was not adequately restricted. Access rights and privileges are used to determine what a user can do after being allowed into a system, such as read or write to a certain file. Unrestricted system access allows the capability to make unauthorized changes to individual tax records or to delete or void transactions after the transactions have been entered in the system. Access should be limited based on user needs and job responsibilities.

Without adequate user access restrictions, there is an increased risk of unauthorized changes to data and records and of the loss, theft, or misuse of funds.

### Recommendation

The County Commission work with the County Collector to ensure user access rights are limited to only what is necessary to perform job duties and responsibilities.

### Report source

2014-058 Atchison County  
2014-104 Lewis County Collector and Property Tax System  
2014-109 Miller County  
2014-113 Howell County  
2014-120 Iron County  
2014-136 Shannon County  
2015-009 Clinton County Collector and Property Tax System  
2015-025 Butler County Collector and Property Tax System  
2015-099 Ralls County  
2015-117 Phelps County  
2015-123 Butler County  
2016-018 Madison County  
2016-036 Linn County

### 2.2 Changing passwords

Passwords were not required to be changed on a periodic basis. As a result, there was less assurance passwords were effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be changed periodically to reduce the risk of compromised passwords and unauthorized access to and use of computers and data.

Without requiring passwords to be periodically changed, the likelihood that accounts could be compromised and used by unauthorized individuals to gain access to sensitive information is increased.



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## Recommendation

The County Commission work with the County Collector to ensure passwords are periodically changed to prevent unauthorized access to computers and data.

### Report source

2014-052 Livingston County Collector-Treasurer and Property Tax System  
2014-113 Howell County  
2014-125 Osage County  
2014-127 Scott County  
2014-135 Perry County  
2015-009 Clinton County Collector and Property Tax System  
2015-021 Hickory County  
2015-024 Barry County  
2015-043 Adair County  
2015-068 DeKalb County  
2015-079 Grundy County  
2015-096 Holt County  
2015-123 Butler County  
2015-133 Henry County  
2016-012 Douglas County  
2016-021 Marion County  
2016-024 Ozark County  
2016-027 Stone County  
2016-035 Oregon County

## 2.3 Sharing passwords

User accounts and passwords for accessing computers and the property tax system were shared by users. The security of a password is dependent upon keeping passwords confidential. By allowing users to share accounts and passwords, individual accountability for system activity could be lost and unauthorized system activity could occur.

Without strong user account and password controls, including maintaining the confidentiality of passwords, the likelihood that accounts could be compromised and used by unauthorized individuals to gain access to sensitive information is increased.

## Recommendation

The County Collector ensure unique user accounts and passwords are required to access computers and data. In addition, ensure users understand the importance of maintaining the confidentiality of passwords.

### Report source

2014-113 Howell County  
2014-125 Osage County  
2014-127 Scott County  
2015-009 Clinton County Collector and Property Tax System  
2015-024 Barry County  
2015-037 Schuyler County  
2015-115 Harrison County



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2016-021 Marion County  
2016-035 Oregon County  
2016-036 Linn County

## 2.4 Password complexity

Passwords were not required to contain a minimum number of characters. Strong passwords are often the first line of defense into a computer or system. As a result, an appropriate minimum character length should be established so passwords cannot be easily guessed or identified using password-cracking mechanisms.

Without enforcing password complexity by requiring a minimum number of characters, there is an increased risk that passwords can be more easily guessed, allowing unauthorized access to data and systems.

## Recommendation

The County Commission work with the County Collector to ensure passwords contain a minimum number of characters.

### Report source

2016-024 Ozark County

## 2.5 Inactivity controls

Inactivity controls were not implemented to lock a computer after a certain period of inactivity. To reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to the property tax system and data files, users should log off computers when unattended and an inactivity control should be implemented to lock a computer or terminate a user session after a certain period of inactivity.

Without an inactivity control, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

## Recommendation

The County Commission work with the County Collector to ensure an inactivity control is implemented to lock computers after a certain period of inactivity.

### Report source

2014-052 Livingston County Collector-Treasurer and Property Tax System  
2014-125 Osage County  
2015-068 DeKalb County  
2015-133 Henry County  
2016-021 Marion County

## 2.6 Logon attempt controls

Security controls were not implemented to lock access to a computer after a specified number of unsuccessful logon attempts. Logon attempt controls lock the capability to access a computer or system after a specified number of consecutive unsuccessful logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a computer by guessing passwords.



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Without effective controls to limit the number of consecutive unsuccessful logon attempts, there is less assurance sensitive data is effectively protected from unauthorized access.

## Recommendation

The County Commission work with the County Collector to ensure a security control is implemented to lock access to a computer or system after a specified number of consecutive unsuccessful logon attempts.

### Report source

2014-052 Livingston County Collector-Treasurer and Property Tax System  
2014-125 Osage County  
2015-068 DeKalb County  
2015-133 Henry County  
2016-021 Marion County  
2016-024 Ozark County

### 2.7 Periodic testing

Periodic testing of backup data was not performed by the County Collector. Periodic testing of backups is necessary to ensure the backup process is functioning properly and to ensure all essential data can be recovered.

Without testing the full backup process, management cannot be assured the entire system can be restored when necessary.

## Recommendation

The County Commission work with the County Collector to ensure backup data is tested on a regular, predefined basis.

### Report source

2014-125 Osage County  
2016-024 Ozark County

### 2.8 Data integrity

Data integrity controls to guard against the improper modification or destruction of data and information were not implemented. In addition, audit trail controls to provide evidence demonstrating how a specific transaction was initiated, processed, and recorded were not established. As a result, the property tax system did not prevent users from manually entering dates or from changing check numbers and check dates in the system once checks have been printed and issued. Also, the system did not prevent users from postdating or backdating receipts and checks or voiding and reissuing the same instrument number without a transaction audit trail being recorded. In addition, the system did not have the functionality to generate audit trail reports of receipts closed before being finalized or receipts voided by users after the transactions have been processed.

Without data integrity and audit trail controls, there is an increased risk of manipulation of data without detection and the loss, theft, or misuse of funds.



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## Recommendation

The County Collector ensure adequate data integrity and audit trail controls are in place to allow for the proper accountability of all transactions.

Report source

2014-104	Lewis County Collector and Property Tax System
2015-079	Grundy County
2016-021	Marion County
2016-027	Stone County

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## 3. Segregation of Duties

3.1 Segregation of duties and reviews

The County Collector did not adequately segregate accounting duties and independent or supervisory reviews of accounting and bank records were not performed or adequately documented.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential and should include comparing daily receipt activity to deposits.

## Recommendation

The County Collector segregate accounting duties or ensure supervisory reviews of accounting and bank records are performed and documented.

Report source

2014-095	Webster County
2014-104	Lewis County Collector and Property Tax System
2015-008	Washington County
2015-025	Butler County Collector and Property Tax System
2016-027	Stone County

3.2 Collection of property taxes

The County Collector allowed the County Clerk and the County Treasurer to collect property taxes during busy periods or when County Collector personnel were not available. Receipts collected by the County Clerk and the County Treasurer could not be determined because they used the same computer workstation used by County Collector personnel for processing collections. In addition, the County Clerk and County Treasurer were not covered under the County Collector's bond.

The County Clerk's statutory duties include reviewing the County Collector's annual settlement to ensure it is complete and accurate. When the County Clerk collects property taxes, this negates the segregation of duties intended by the review of the annual settlement. The statutory duties of the County Clerk and the County Treasurer do not include collecting



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property taxes for the County Collector. Additionally, allowing county officials not covered by the County Collector's bond to perform duties of the County Collector puts the county at an increased risk that a claim against the bond could be denied.

## Recommendation

The County Collector discontinue allowing the County Clerk and County Treasurer to collect monies for the County Collector's office.

Report source

2015-037 Schuyler County

### 3.3 County Collector duties

The County Collector's duties were not routinely performed in the County Collector's office within the county courthouse and the County Collector did not take steps to oversee day to day operations of the office or her office staff.

County Collector duties require a physical presence in the office in order to access the property tax system. Failure to perform these tasks places the burden upon County Collector's staff to perform many of the duties for the County Collector. The County Collector's absence created staffing issues because sufficient personnel were not present to ensure all duties were performed, properly segregated, independently reviewed, and performed timely.

## Recommendation

The County Collector adequately perform or delegate and oversee the duties of the office of the County Collector.

Report source

2015-009 Clinton County Collector and Property Tax System

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## 4. Annual Settlements

### 4.1 Preparation and filing

The County Collector did not prepare or file annual settlements with the county timely.

To help ensure the validity of tax book charges, collections, and credits and for the County Clerk and County Commission to properly verify these amounts, it is imperative the County Collector file timely annual settlements. Section 139.160, RSMo, requires the County Collector to annually settle with the County Commission by the first Monday in March the accounts of all monies received from taxes and other sources.

## Recommendation

The County Collector prepare and file timely annual settlements.

Report source

2014-104 Lewis County Collector and Property Tax System  
2014-109 Miller County  
2014-136 Shannon County  
2015-008 Washington County



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2015-009 Clinton County Collector and Property Tax System  
2016-020 Dunklin County

#### 4.2 Completeness and accuracy

The County Collector annual settlements were not complete and/or accurate.

To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is important the County Collector file complete and accurate annual settlements.

#### Recommendation

The County Collector file complete and accurate annual settlements.

#### Report source

2014-113 Howell County  
2014-133 Reynolds County  
2015-072 Carter County Collector and Property Tax System  
2015-133 Henry County  
2016-020 Dunklin County

#### 4.3 Prepared by the County Clerk

The County Collector did not prepare annual settlements of property taxes, rather the County Clerk's office prepared the settlements for the County Collector.

Section 139.160, RSMo, requires the County Collector to annually settle with the County Commission the accounts of all monies received from taxes and other sources.

#### Recommendation

The County Collector prepare and file annual settlements as required by law.

#### Report source

2016-020 Dunklin County

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## 5. Liabilities

### 5.1 Reconciliation and unidentified monies

The County Collector did not periodically prepare lists of liabilities or adequately reconcile the lists with the reconciled bank account balance, resulting in unidentified monies or shortages that have not been resolved timely.

Without regular comparison of liabilities to the available cash balance, the County Collector has no assurance cash is sufficient to meet liabilities, there is less likelihood errors will be identified, and the ability to resolve errors is diminished. Differences must be adequately investigated and explained. In addition, maintaining unidentified monies in the bank accounts increases the risk of loss, theft, or misuse of such funds. Various statutory provisions address the disposal of unidentified monies.





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## Recommendation

The County Collector prepare and/or adequately reconcile the monthly list of liabilities to the reconciled bank balance, promptly investigate any differences, and dispose of unidentified monies in accordance with state law.

### Report source

2014-052 Livingston County Collector-Treasurer and Property Tax System  
2014-093 Dent County  
2014-094 Texas County  
2014-095 Webster County  
2014-104 Lewis County Collector and Property Tax System  
2014-109 Miller County  
2014-136 Shannon County  
2015-008 Washington County  
2015-009 Clinton County Collector and Property Tax System  
2015-025 Butler County Collector and Property Tax System  
2015-079 Grundy County  
2015-111 Cooper County Collector and Property Tax System  
2015-133 Henry County

### 5.2 Evaluation and distribution

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

Adequate evaluation of liabilities in combination with bank reconciliations is necessary to ensure all collections are properly identified and disbursed timely and accurately.

## Recommendation

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

### Report source

2014-136 Shannon County  
2015-009 Clinton County Collector and Property Tax System

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## 6. Receipting, Recording, Depositing, and Disbursing

### 6.1 Monies found in closet

Monies in the County Collector's office were not stored according to described office procedures, making them prone to loss and theft. A total of \$46,208 in cash was discovered in the County Collector's office closet during the audit. Office personnel had not provided these monies to auditors during a cash count.



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## Recommendation

Report source

The County Collector account for monies found in the closet.

2015-009 Clinton County Collector and Property Tax System

### 6.2 Receipt of monies

PILT, duplicate property tax receipts, advertising fees, and monies received from tax sales were not always properly or timely receipted.

To reduce the risk of loss, theft, or misuse of monies received, procedures should be established to ensure all monies are properly receipted.

## Recommendation

Report source

The County Collector ensure all monies received are issued receipt slips timely.

2015-009 Clinton County Collector and Property Tax System

### 6.3 Numerical sequence of receipts numbers

The County Collector's office did not account for the numerical sequence of receipt numbers assigned by the computer system.

To ensure all monies received are properly recorded and deposited, and reduce the risk of loss, theft, or misuse of funds, consideration should be given to modifying the software program to ensure adequate controls are in place to allow the County Collector's office to account for the numerical sequence of receipt numbers.

## Recommendation

Report source

The County Collector work with the computer software vendor to establish controls to account for the numerical sequence of receipt numbers assigned by the computer system.

2014-047 Taney County  
2014-104 Lewis County Collector and Property Tax System  
2015-079 Grundy County  
2016-021 Marion County  
2016-027 Stone County  
2016-036 Linn County

### 6.4 Voided transactions

Voided transactions were not periodically reviewed or compared to supporting documentation and personnel did not maintain adequate documentation to support voided transactions.

Retaining documentation to support voided transactions helps ensure such transactions are appropriate and reduces the risk of errors, loss, theft, or misuse of funds.

## Recommendation

Report source

The County Collector should maintain documentation of all voided transactions and periodically review reports of voided transactions and compare report information to supporting documentation.

2015-025 Butler County Collector and Property Tax System



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## 6.5 Report of voided transactions

County Collector personnel could not generate a report of voided transactions and maintained no documentation to support such transactions.

Retaining documentation to support voided transactions helps ensure such transactions are appropriate and reduces the risk of errors, loss, theft, or misuse of funds.

## Recommendation

The County Collector should maintain documentation of all voided transactions and work with the computer programmer to develop a voided transaction report that can be periodically compared to the supporting documentation of these transactions.

Report source

2014-109 Miller County

## 6.6 Method of payment

Office personnel did not always record the method of payment accurately in the property tax system.

To adequately account for collections and reduce the risk that loss, theft, or misuse of monies, the method of payment should be correctly recorded.

## Recommendation

The County Collector record the method of payment accurately.

Report source

2014-095 Webster County  
2016-012 Douglas County  
2016-027 Stone County

## 6.7 Reconciliation of receipts to deposit

The composition of receipts (cash, check, money order, or credit card) recorded was not reconciled to the composition of deposits.

To adequately account for collections and reduce the risk of loss, theft, or misuse of funds, the composition of receipts should be reconciled to the composition of deposits and any differences promptly investigated and adequately documented.

## Recommendation

The County Collector reconcile the composition of receipts to the composition of deposits.

Report source

2014-095 Webster County  
2014-113 Howell County  
2015-024 Barry County  
2016-012 Douglas County  
2016-024 Ozark County  
2016-027 Stone County

## 6.8 Recording receipts in the tax registers

The County Collector did not reconcile receipts to deposits and disbursements, causing differences to go undetected and uncorrected. Receipts were reported on the tax register based on the receipt date entered



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into the property tax system rather than the actual date of receipt and the monthly tax register was used to prepare the monthly disbursement settlement.

To ensure all monies received are properly recorded and deposited, daily tax registers should be generated and reconciled to collections and deposits.

## Recommendation

The County Collector ensure daily tax registers are printed and reconciled to daily collections and deposits.

Report source

2014-104 Lewis County Collector and Property Tax System

### 6.9 Check registers

The County Collector's office did not maintain a check register for all bank accounts, and check registers that were prepared did not contain sufficient information.

Without maintaining a cumulative book balance, there is little assurance cash receipts and disbursements have been properly handled and recorded. In addition, bank and book errors may not be detected and corrected timely.

## Recommendation

The County Collector maintain a check register for all bank accounts.

Report source

2014-136 Shannon County

2015-009 Clinton County Collector and Property Tax System

### 6.10 Deposit timeliness

The County Collector's office did not make timely deposits.

Deposits should be made timely to reduce the risk of loss, theft, or misuse of monies received.

## Recommendation

The County Collector ensure receipts are deposited timely.

Report source

2014-095 Webster County

2015-009 Clinton County Collector and Property Tax System

2016-012 Douglas County

2016-021 Marion County

### 6.11 Depositing intact

The County Collector did not deposit receipts intact.

To reduce the risk of loss, theft, or misuse of monies received, procedures should be established to ensure all monies are properly deposited intact and timely upon receipt.

## Recommendation

The County Collector deposit all receipts intact.



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Report source	2014-095 Webster County 2014-104 Lewis County Collector and Property Tax System 2014-113 Howell County 2015-009 Clinton County Collector and Property Tax System
6.12 Change fund	<p>The County Collector's office did not maintain the change fund at a constant amount.</p> <p>If a change fund is needed, it should be set at a constant amount and a procedure established to reconcile to this amount every time a deposit is made.</p>
Recommendation	The County Collector maintain the change fund at a constant amount.
Report source	2014-113 Howell County
6.13 Non-sufficient funds checks	<p>The County Collector did not have adequate procedures in place to ensure non-sufficient funds (NSF) checks were collected, adjustments were made to the distribution of tax collections, and NSF checks were reversed in the property tax system to reflect amounts still owed by taxpayers.</p> <p>Without adequate procedures for the collection and recording of NSF checks, the County Collector's office cannot ensure amounts due from taxpayers are properly tracked and amounts may be incorrectly disbursed.</p>
Recommendation	The County Collector establish a policy for the collection of NSF checks and ensure accounting records accurately document the status of accounts involving bad checks.
Report source	2014-094 Texas County 2014-104 Lewis County Collector and Property Tax System
6.14 Transmitting monies	<p>The County Collector did not timely or consistently transmit monies from the credit card account to the general account.</p> <p>To reduce of risk of loss, theft, or misuse of monies received going undetected, procedures should be established to ensure all credit card payments are transferred timely to the general account.</p>
Recommendation	The County Collector establish procedures to timely transmit monies for credit card collections from the credit card account to the general account.
Report source	2015-111 Cooper County Collector and Property Tax System
6.15 Overpayments	Overpayments and subsequent refunds were not properly reflected in the property tax system or on daily collection reports.



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Failure to implement adequate receipting, recording, depositing and reconciling procedures increases the risk that loss, theft, or misuse of monies received will go undetected.

## Recommendation

The County Collector should consider working with the tax system programmer to implement changes to the system that will allow overpayments and refunds to be properly recorded in the property tax system.

Report source  
2014-094 Texas County  
2014-095 Webster County  
2016-012 Douglas County  
2016-027 Stone County

### 6.16 Refunds

Normal disbursement procedures were not always used for refunds and adequate documentation was not maintained to support these disbursements.

All disbursements should be made by check through the normal disbursement procedure and supported by adequate documentation.

## Recommendation

The County Collector issue all refunds by check and maintain supporting documentation of refunds.

Report source  
2014-094 Texas County  
2016-024 Ozark County

### 6.17 Petty cash

The County Collector did not maintain a petty cash ledger or adequate documentation to support petty cash transactions.

To ensure all activity of the petty cash fund is properly accounted for, the County Collector should maintain a petty cash ledger documenting receipts, disbursements, and the balance of the petty cash fund. In addition, documentation should be retained to support disbursements from the fund.

## Recommendation

The County Collector maintain a petty cash fund ledger and retain adequate documentation of all petty cash disbursements.

Report source  
2016-027 Stone County

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## 7. Bank Accounts and Reconciliations

### 7.1 Account reconciliation

The County Collector's office did not prepare bank reconciliations for all bank accounts, or bank reconciliations that were prepared were insufficient or untimely.



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Without preparing monthly bank reconciliations, there is little assurance cash receipts and disbursements have been properly handled and recorded. In addition, bank and book errors may not be detected and corrected timely.

## Recommendation

The County Collector should prepare and document monthly bank reconciliations.

### Report source

2014-094 Texas County  
2014-104 Lewis County Collector and Property Tax System  
2015-009 Clinton County Collector and Property Tax System

### 7.2 Documented review of reconciliations

The County Collector did not document her review of bank reconciliations prepared by her staff.

Bank reconciliations are necessary to ensure all receipts and disbursements are accounted for properly and the cash balance in the bank account can be properly identified.

## Recommendation

The County Collector document her supervisory review of bank reconciliations.

### Report source

2014-094 Texas County

### 7.3 Outstanding checks

The County Collector did not establish procedures to routinely follow up on outstanding checks.

Proper follow-up procedures are necessary to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise allowed by state law.

## Recommendation

The County Collector establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the amount should be disbursed in accordance with state law.

### Report source

2015-111 Cooper County Collector and Property Tax System

### 7.4 Inactive account

The County Collector maintained an inactive bank account that should be closed.

Maintaining an inactive account increases the risk of misuse of funds. To ensure funds are disposed of properly, the County Collector should attempt to identify and distribute the funds held in the account, dispose of any unclaimed or unidentified funds in accordance with state law, and close the account.



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## Recommendation

The County Collector investigate unidentified balances, dispose of unclaimed monies in accordance with state law, and close the inactive bank account.

### Report source

2014-104 Lewis County Collector and Property Tax System  
2014-109 Miller County

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## 8. Partial Payments

### 8.1 Receipt slips

The County Collector did not always issue, or timely issue, receipt slips for partial payments received.

To ensure all monies received for partial payments are properly recorded and deposited, and to reduce the risk of loss, theft, or misuse of funds, the County Collector should issue receipt slips for all partial payments received.

## Recommendation

The County Collector timely issue receipt slips for all partial payments received.

### Report source

2014-094 Texas County  
2015-025 Butler County Collector and Property Tax System  
2016-024 Ozark County  
2016-027 Stone County

### 8.2 Method of payment and reconciliation

The method of payment was not always indicated on partial payment reports or manual receipt slips. In addition, the composition of partial payments received was not reconciled to the composition of deposits.

To ensure all monies received are properly recorded and deposited, and to reduce the risk of loss, theft, or misuse of funds, the County Collector should indicate the method of payment for partial payments received and reconcile the composition of receipts to the composition of deposits.

## Recommendation

The County Collector document the method of payment for partial payments and reconcile the composition of receipts to the composition of deposits.

### Report source

2014-047 Taney County  
2014-094 Texas County

### 8.3 Manual receipt slips

The County Collector did not always issue manual receipt slips for partial payments in numerical sequence, retain copies of manual receipt slips issued, and/or retain voided manual receipt slips.

Without accurate and detailed records for all partial payments collected there is little assurance partial payments are properly handled and recorded.





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Manual receipt slips issued for partial payments should be issued in numerical sequence, retained and reconciled to detailed records of all amounts collected and balances due.

## Recommendation

The County Collector implement procedures to issue numerically and/or retain all partial payment receipt slips written or void.

Report source

2014-094 Texas County  
2014-113 Howell County

### 8.4 Deposit timeliness

Monies received for partial payments were not always deposited or deposited timely.

To ensure all monies received for partial payments are properly recorded and deposited, and to reduce the risk of loss, theft, or misuse of funds, the County Collector should deposit partial payments timely.

## Recommendation

The County Collector implement procedures to ensure partial payments are deposited timely.

Report source

2014-047 Taney County  
2014-094 Texas County  
2014-113 Howell County  
2015-025 Butler County Collector and Property Tax System

### 8.5 Receipt numbers

Receipt numbers were not issued in the computer system for partial payments received.

To ensure all monies received are properly recorded and deposited, and to reduce the risk of loss, theft, or misuse of funds, the County Collector should issue receipt numbers for partial payments received.

## Recommendation

The County Collector should work with the computer software programmer to ensure receipt numbers are issued for partial payments.

Report source

2014-047 Taney County

### 8.6 Payment ledgers

The County Collector did not maintain a ledger of the amounts collected, due, and deposited.

Without accurate and detailed records for all partial payments collected and balances due, there is little assurance partial payments are properly handled and recorded.

## Recommendation

The County Collector implement procedures to ensure partial payments are adequately recorded.

Report source

2014-113 Howell County



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## 8.7 Payments posted

The County Collector did not always post, or timely post, partial payments to the partial payment ledger.

A properly maintained partial payment account ledger is crucial in the process of identifying liabilities of the County Collector.

## Recommendation

The County Collector record partial payments on payment ledgers.

### Report source

2014-094 Texas County  
2015-025 Butler County Collector and Property Tax System

## 8.8 Payment ledgers not updated and destroyed

Some partial payment ledgers were destroyed and balances due were not always updated for current interest charges.

Without accurate and detailed records for all partial payments collected and balances due, there is little assurance partial payments are properly handled and recorded.

## Recommendation

The County Collector ensure partial payment ledgers are maintained to support payment activity and balances are updated to reflect interest accrual.

### Report source

2014-094 Texas County

## 8.9 Reconciliation of ledger to bank account

The County Collector did not periodically reconcile the partial payment ledger to amounts on hand or in the bank account.

To ensure all monies received for partial payments are properly recorded and deposited and to reduce the risk of loss, theft, or misuse of funds, the County Collector should reconcile the partial payment ledger to amounts on hand or in the bank account.

## Recommendation

The County Collector should periodically reconcile the partial payment ledger to total partial payments on hand or held in the bank account.

### Report source

2015-025 Butler County Collector and Property Tax System

## 8.10 Inactive partial payments

The County Collector did not adequately follow up on inactive partial payments, resulting in several partial payment accounts with no activity for more than a year.

To ensure all monies received for partial payments are properly recorded and deposited, and to reduce the risk of loss, theft, or misuse of funds, the County Collector should follow up on old inactive partial payments.

## Recommendation

The County Collector periodically perform a documented follow up on partial payment accounts with no activity.

### Report source

2016-024 Ozark County



## 9. Assessment Withholdings

### 9.1 Required reduction

The County Collector does not monitor and/or subsequently reduce the percentage used to calculate amounts withheld from tax collections for the Assessment Fund, and as a result, more was withheld from tax collections and disbursed to the Assessment Fund than allowed by state law.

Sections 137.720.1, 137.720.3, and 137.082.6, RSMo, each provide a percentage be deducted from property tax collections and deposited into the Assessment Fund (1 percent, 0.5 percent, and 0.2 percent, respectively). However, Section 137.720.3, RSMo, limits the 0.5 percent deduction to \$75,000. After this limit is reached, the total percentage used should be reduced.

### Recommendation

The County Collector recalculate assessment withholdings for current and prior years and ensure amounts owed to the taxing authorities are disbursed from the Assessment Fund. The County Collector should also ensure the percentage to be deducted from property taxes for the Assessment Fund is properly reduced in future years once the \$75,000 limit is reached.

### Report source

2014-134 Laclede County  
2015-025 Butler County Collector and Property Tax System

### 9.2 Improper rate

The County Collector did not use the correct withholding rates for current personal property tax collections for the Assessment Fund, and as a result, money is due to the Assessment Fund. The County Collector used a lower rate than required. In addition, the County Collector made no withholdings from collections for the hospital district.

Section 137.720.1, RSMo, requires a one percent commission on ad valorem property tax collections allocable to each taxing authority be deducted from the collections of taxes each year and deposited into the assessment fund of the county. Section 137.720.3, RSMo, requires an additional one-half percent commission, but limits the amount deducted to \$75,000. An additional one-fifth of one percent is allowed per Section 137.082, RSMo. Adequate monitoring and proper calculation of Assessment Fund withholdings is necessary to ensure compliance with statutory provisions.

### Recommendation

The County Collector review Assessment Fund withholdings for past years, calculate the amount owed by each taxing district, withhold amounts from future tax collections and disburse amounts under withheld to the Assessment Fund.

### Report source

2014-136 Shannon County



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### 9.3 Documentation

The County Collector did not retain documentation of the calculation of amounts withheld from tax collections for the Assessment Fund, and as a result, we could not determine the accuracy of amounts distributed to various political subdivisions.

Sections 137.720.1 and 137.720.3, RSMo, each provide a percentage to be deducted from property tax collections and deposited into the Assessment Fund (1 percent and 0.5 percent, respectively, for a total of 1.5 percent). However, Section 137.720.3, RSMo, limits the 0.5 percent deduction to \$75,000. After this limit is reached, the percentage reduces to 1 percent. Adequate monitoring and documentation of the calculation of Assessment Fund withholdings is necessary to ensure compliance with statutory provisions.

### Recommendation

The County Collector retain documentation of the calculation of Assessment Fund withholdings.

Report source

2015-133 Henry County

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## 10. Commissions

### 10.1 Improper withholdings

The County Collector improperly withheld and personally retained an additional 1.5 percent commissions on railroad and utility taxes pertaining to cities.

The collection of railroad and utility taxes is a part of the County Collector's statutorily required duties, and the County Collector should not receive additional compensation for collecting these taxes. The County Collector is required by Section 151.180, RSMo, to collect all railroad taxes, and the County Collector properly withholds a 1 percent commission on these taxes and pays this amount to the county's General Revenue Fund as provided by Section 151.280, RSMo. Section 153.030, RSMo, requires utility taxes to be levied and collected in the same manner as railroad taxes. However, the County Collector also withheld and personally retained a 1.5 percent commission from railroad and utility taxes collected for 4 cities, based on written agreements which provided for him to personally retain a 1.5 percent commission on current city tax collections.

### Recommendation

The County Collector should discontinue withholding and retaining additional commissions on the cities' portion of railroad and utility taxes and consider making repayment to the cities.

Report source

2015-043 Adair County



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**10.2 Mailing commissions** The County Collector failed to withhold mailing commissions on current delinquent real estate and personal property taxes.

Section 52.250, RSMo, provides for a one-half of one percent mailing commission on all current taxes collected, except railroad and utility tax collections, to be paid to the county's General Revenue Fund.

## Recommendations

The County Collector ensure commissions calculations comply with statutory provisions. The County Collector should review commissions on current delinquent real estate and personal property tax collections for past years, and calculate the amount owed by each taxing district.

Report source 2014-136 Shannon County

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## 11. Protested Taxes

**11.1 Distribution of taxes not under protest** The County Collector did not distribute the portion of protested tax payments not under protest to political subdivisions as authorized by the STC.

Section 139.031.2, RSMo, requires the County Collector to disburse all portions of taxes not protested or not disputed by the taxpayer and maintain in a separate fund all portions of such taxes that are protested or in dispute. In addition to being required by state law, timely distributions of property tax collections to the political subdivisions are important because most political subdivisions rely heavily on property tax revenues to fund their operations.

## Recommendation

The County Collector distribute the non-protested portion of protested tax payments.

Report source 2015-079 Grundy County

**11.2 Distributions and refunds** The County Collector overpaid taxing authorities when distributing protested taxes resolved because amounts previously distributed were not deducted.

A mining corporation protested 6 parcels annually for tax years 2011, 2012, and 2013. For each parcel the taxpayer originally paid the full amount owed and submitted a proposed assessed valuation and notice of the company's intent to protest a portion of the assessed valuation. The County Collector used the taxpayer's proposed assessed valuation amount to determine what portion of the monies to distribute immediately to taxing authorities and what portion of the monies to place in escrow as the amount protested.



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When the STC reached resolution on the valuation of 1 protested parcel in August 2014, the taxpayer's bill was reduced and the assessed valuation adjusted. Using the adjusted valuation, the County Collector manually calculated the taxes and interest amounts and disbursed these amounts to the taxing authorities, but did not account for the property taxes already distributed for this parcel. The County Collector discovered this discrepancy when we requested documentation of her calculations, and the County Collector planned to request refunds from the various taxing authorities. Additionally, the County Collector had not refunded the portion of the resolved protested taxes and interest due to the mining corporation.

To ensure future distributions are accurate, the County Collector should maintain appropriate accounting records of prior distributions, amounts escrowed, interest earned, and adjustments to assessed valuations for all parcels with protested taxes. Additionally, the County Collector should process refunds to taxpayers timely if protested taxes have been resolved and result in a reduction of taxes owed.

## Recommendation

The County Collector recalculate the amount of distributions to the taxing authorities and the refund due to the mining corporation. The County Collector should obtain refunds from the taxing authorities for amounts overpaid, issue a refund to the mining corporation, and ensure future distributions and refunds are calculated correctly and processed timely.

Report source

2014-133 Reynolds County

### 11.3 Interest allocations

The County Collector did not accurately allocate interest earned on the protested tax account to individual parcels and, as a result, could not determine the proper amount of interest to disburse or refund when a protested parcel was settled.

Section 139.031.7, RSMo, requires the County Collector to disburse the proportional amount of interest earned either to the taxpayer, taxing authority, or both. To ensure interest earned on the protested account is properly distributed, controls should be in place to ensure interest is properly allocated and proper records are maintained.

## Recommendation

The County Collector recalculate accumulated interest earned on each protested property tax parcel held in the protested account and consider these amounts when correcting errors made in distributions and refunds for the parcel recently resolved. Additionally, the County Collector should adopt procedures to ensure future interest allocations are accurate.

Report source

2014-133 Reynolds County



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#### 11.4 Interest distributions

The County Collector did not distribute the applicable amount of interest earned on protested taxes to the taxing authorities upon resolution of the taxes and also did not maintain documentation supporting interest distributed to a taxpayer upon resolution of protested taxes.

Section 139.031.7, RSMo, requires the County Collector to disburse the proportional amount of interest earned either to the taxpayer, taxing authority, or both. To ensure interest earned on the protested account is properly distributed, controls should be in place to ensure interest is properly allocated and proper records are maintained.

#### Recommendation

The County Collector adopt procedures to ensure future interest allocations and distributions are accurate and comply with state law.

Report source

2015-025 Butler County Collector and Property Tax System

#### 11.5 Reconciliations

The list of liabilities prepared for the protested tax account was not adequately reconciled to the protested tax account balance, resulting in an unidentified balance.

Regular comparison of liabilities to the available cash balance is necessary to identify errors timely, and ensure accounting records are in balance, sufficient cash is available for the payments of all amounts due, and all monies in the bank account can be identified.

#### Recommendation

The County Collector reconcile the protested taxes list of liabilities to the reconciled bank account balance monthly and promptly investigate any differences. The County Collector should also identify the source of the unidentified monies and distribute as appropriate and in accordance with state law.

Report source

2014-047 Taney County

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## 12. Tax Maintenance Fund

#### 12.1 Bonuses

The County Collector paid employees bonuses from the Tax Maintenance Fund. No documentation was retained to support any additional hours worked or duties performed by these employees.

These bonuses appear to represent additional compensation for services previously rendered and, as such are in violation of Article III, Section 39, the Missouri Constitution, and contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, " . . . a government agency deriving its power and authority from the constitution and laws of the state would be



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prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

## Recommendation

The County Collector discontinue paying bonuses.

Report source

2014-120 Iron County

### 12.2 Additional compensation

The County Collector made monthly payments to the Deputy County Collector as reimbursement for employee insurance premiums withheld from her paychecks. The County Collector also paid the Deputy County Collector for cleaning the County Collector's office.

Because these payments were not processed through the county payroll system, they were not reported on the employee W-2 form and payroll deductions were not withheld. The Internal Revenue Code indicates individuals treated as employees should have all compensation reported on W-2 forms.

## Recommendation

The County Collector ensure all compensation is processed through the county's payroll system and is subject to payroll withholdings and reported on employee W-2 forms.

Report source

2014-120 Iron County

### 12.3 Travel advances and meals

The County Collector did not properly account for supporting documentation and funds remaining from travel advances. In addition, the County Collector reimbursed herself for meals at local restaurants in the county.

Section 52.315, RSMo, indicates the Tax Maintenance Fund is to be used for administration and operation costs of the office of the County Collector. Without supporting documentation to account for travel advances, there is less assurance travel expenses are appropriate and necessary. In addition, reimbursements for meals at local restaurants do not appear to be necessary expenses to carry out the duties of the County Collector's office.

## Recommendation

The County Collector maintain adequate documentation of travel expenses and refund any portion of travel advances not used for and documented as a travel expense. The County Collector should discontinue reimbursing herself for costs of meals at local restaurants.

Report source

2014-120 Iron County

### 12.4 Disbursements

The County Collector made disbursements from both the county's Tax Maintenance Fund and the separate bank account that were not in compliance with uses allowed by state law and/or did not appear reasonable.





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Many purchases appeared to be for personal use and not essential to the administration or operation of the County Collector's office. In addition, some purchases were not adequately supported, and some property items purchased were not tagged as county property. Also, personal use of some items was identified.

Section 54.325, RSMo, indicates the Tax Maintenance Fund is to be used for administration and operation costs of the office of the County Collector. It is unclear how the identified items benefited the operation or administration of the office of the County Collector and therefore, the disbursements were not an appropriate use of Tax Maintenance Fund monies. In addition, several of the items appear to be for personal rather than office use. Adequate capital asset records and procedures are necessary to ensure effective internal controls over county property.

## Recommendation

The County Collector ensure disbursements from the Tax Maintenance Fund are adequately documented and in compliance with statutory provisions. In addition, the County Collector should ensure equipment purchased is tagged as county property, and recorded in the county property records.

Report source

2014-094 Texas County

### 12.5 Record keeping

The County Collector did not mark invoices paid or allow them to be matched to actual payments from the Tax Maintenance Fund. In addition, the County Collector indicated some of the invoices in her disbursements file may be personal and had not been paid with monies from the Tax Maintenance Fund. Some disbursements were not necessary expenses to carry out the duties of the County Collector's office.

All disbursements should be supported by a vendor invoice to ensure the obligation was actually incurred and the disbursement represents an appropriate use of public funds.

## Recommendation

The County Collector maintain adequate supporting documentation for all disbursements from the Tax Maintenance Fund and ensure disbursements are necessary to carry out office duties.

Report source

2014-120 Iron County

### 12.6 Bank account

Due to disagreements between the County Commission and the County Collector regarding the appropriate use of funds, the County Collector opened and utilized a separate Tax Maintenance bank account. As a result, the activity in the separate bank account was not recorded in the county's accounting system, the county's financial statements did not present this activity, and required vendor 1099-MISC forms were not issued.



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## Recommendation

The County Collector should close the separate bank account and record all Tax Maintenance Fund activity in the county's accounting system.

Report source

2014-094 Texas County

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## 13. Drainage District and City Taxes

### 13.1 Drainage district tax book preparation

The County Collector performed and billed drainage districts for services not allowed by state law. The former County Collector billed drainage districts for preparing tax books and based on a review of deposit records and discussions with the County Treasurer, it appears the former County Collector personally retained these fees which is consistent with how other drainage district commissions were handled. The subsequent County Collector indicated his office also prepared the tax books for the drainage districts but he did not charge a fee.

The County Collector is responsible for collecting property taxes for the drainage districts and, as a result, should not prepare the tax books because performing both functions does not provide for adequate segregation of duties. Additionally, there is no statutory provision authorizing the County Collector to prepare these tax books or charge a fee for this service. Section 242.450.4, RSMo, provides that it is the duty of the secretary of the district board of supervisors to prepare a list of all taxes levied each year.

## Recommendation

The County Collector discontinue the practice of preparing tax books for drainage districts.

Report source

2015-025 Butler County Collector and Property Tax System

### 13.2 Drainage district commissions and fees

The County Collector charged and personally retained additional commissions and fees for delinquent drainage district tax collections that were not authorized by state law. There is no statutory authority for the County Collector to assess the additional commission, and the clerk fee and collector fee were incorrectly assessed twice on each parcel of land (once on real estate and again on drainage district taxes).

The commission added to the tax bill is independent of commissions authorized by Chapter 52, RSMo, which are manually deducted from tax collections prior to disbursing taxes. In accordance with Sections 52.250, 52.275, and 52.269.3, RSMo, the County Collector manually deducts a commission of 2 percent from collections. Additionally, while state law allows the County Collector to assess a clerk fee and collector fee per parcel, the fee should only be assessed once on each parcel of land.



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## Recommendation

The County Collector discontinue assessing commissions and fees not authorized by state law.

Report source

2015-025 Butler County Collector and Property Tax System

### 13.3 Drainage district distributions

The County Collector did not have adequate procedures in place to ensure drainage district collections were fully disbursed and ensure disbursements were processed timely.

Without adequate procedures in place there is an increased risk that any collections not distributed may be forgotten and would continue to be held in the bank account.

## Recommendation

The County Collector improve controls and procedures to ensure completeness of the tax distributions to the drainage districts and ensure all drainage district tax collections are distributed timely.

Report source

2015-025 Butler County Collector and Property Tax System

### 13.4 Payment of personal commissions

At the time of the former County Collector's death, additional commissions pertaining to drainage district and city tax collections had not been disbursed and might have been owed to her estate, but the county had not determined the proper disposition of these monies. Additionally, the subsequent County Collector declined to accept personal commissions for collection of drainage district taxes and instead withheld and transmitted these commissions to the County Treasurer, in violation of state law.

Section 52.269.3, RSMo, requires the County Collector to retain drainage district commissions as compensation for services performed. Also, in *Reed v. Jackson County*, 142 S.W.2d 862, 865 (Mo 1940), the Missouri Supreme Court stated, "...to permit public officers elected or appointed to receive by agreement or otherwise, a less compensation for their services than fixed by law, would be contrary to public policy of the state." Therefore, these fees are part of the County Collector's statutorily authorized compensation and the county is not entitled to retain and expend those monies, even if the County Collector refuses them. The county should seek legal advice to determine the proper disposition of these monies.

## Recommendation

The County Clerk and County Commission work with the County Collector to determine the proper disposition of city and drainage commissions. Additionally, the County Collector and County Commission should comply with state law regarding payment of personal commissions.

Report source

2015-025 Butler County Collector and Property Tax System



Summary of County Audit Findings  
County Collector and Property Tax System  
Management Advisory Report - State Auditor's Findings

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## 14. Tax Sale

The County Collector did not record the actual amounts received from a tax sale in the property tax system, but instead recorded the amounts due as the amount received. In addition, the county sold some properties for less than the delinquent taxes, interest, penalties, and costs due when the property had not sold after 3 offerings (tax sales). No adjustment was made in the property tax system to account for the difference in the amount received or to write off uncollected amounts after the tax sale. In addition, a listing of individual properties sold at the tax sale and the amount collected was not maintained. Without this various information, the County Collector could not document tax sale monies were property handled and accounted for.

### Recommendation

The County Collector ensure any differences between the amount received and the amount owed should be documented and properly adjusted.

Report source

2015-009 Clinton County Collector and Property Tax System

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## 15. Waivers and Adjustments

The County Collector and her deputies improperly waived and adjusted penalties and interest on delinquent taxes for some taxpayers. The County Collector did not maintain separate records of these waivers and adjustments or review waivers and adjustments made by her staff.

The County Collector should collect penalties and interest on delinquent taxes as required by law. In addition, the County Collector should ensure any waivers or adjustments are supported by adequate documentation and reviewed and approved by the County Commission.

### Recommendation

The County Collector collect penalties and interest on delinquent taxes as required by law. In addition, the County Collector should ensure any waivers or adjustments are supported by adequate documentation and reviewed and approved by the County Commission.

Report source

2014-094 Texas County

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## 16. Penalty Date

The County Clerk's office incorrectly entered the effective date when penalties would begin being charged on delinquent taxes in the property tax system for real estate and personal property taxes. As a result, taxpayers delinquent in paying taxes were not charged the statutory penalty.

To ensure penalties are properly and consistently charged to county taxpayers, the County Clerk should review the penalty dates entered into the property tax system and the County Collector should ensure penalties charged are accurate.

### Recommendation

The County Collector work with the County Clerk to review the penalty dates entered into the property tax system to ensure penalties are properly assessed and collected.

Report source

2014-094 Texas County

# Summary of County Audit Findings

## County Collector and Property Tax System

### Appendix - Audit Reports

Report Number	Title	Publication Date
2014-047	Taney County	July 2014
2014-052	Livingston County Collector-Treasurer and Property Tax System	July 2014
2014-058	Atchison County	August 2014
2014-080	Andrew County	September 2014
2014-093	Dent County	October 2014
2014-094	Texas County	October 2014
2014-095	Webster County	October 2014
2014-104	Lewis County Collector and Property Tax System	November 2014
2014-109	Miller County	November 2014
2014-113	Howell County	November 2014
2014-120	Iron County	December 2014
2014-122	Worth County	December 2014
2014-125	Osage County	December 2014
2014-127	Scott County	December 2014
2014-133	Reynolds County	December 2014
2014-134	Laclede County	December 2014
2014-135	Perry County	December 2014
2014-136	Shannon County	December 2014
2015-008	Washington County	April 2015
2015-009	Clinton County Collector and Property Tax System	February 2015
2015-021	Hickory County	April 2015
2015-024	Barry County	April 2015
2015-025	Butler County Collector and Property Tax System	April 2015
2015-037	Schuyler County	June 2015
2015-043	Adair County	June 2015
2015-068	DeKalb County	September 2015
2015-072	Carter County Collector and Property Tax System	September 2015
2015-079	Grundy County	September 2015
2015-096	Holt County	October 2015
2015-099	Ralls County	November 2015
2015-111	Cooper County Collector and Property Tax System	November 2015
2015-115	Harrison County	November 2015
2015-117	Phelps County	November 2015
2015-120	Pemiscot County	December 2015
2015-123	Butler County	December 2015
2015-133	Henry County	December 2015
2015-134	Pulaski County	December 2015
2016-012	Douglas County	March 2016
2016-018	Madison County	April 2016
2016-020	Dunklin County	April 2016
2016-021	Marion County	April 2016
2016-024	Ozark County	May 2016
2016-027	Stone County	May 2016
2016-035	Oregon County	June 2016
2016-036	Linn County	June 2016