

**Nicole Galloway, CPA**

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**Missouri State Auditor**

**Madison County Collector and  
Property Tax System**

Report No. 2019-050

July 2019

[auditor.mo.gov](http://auditor.mo.gov)



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Madison County Collector and Property Tax System

### Background

In October 2018, a taxpayer notified the County Collector about concerns with his taxes after he attempted to sell a piece of real estate and was informed his real estate taxes were unpaid and delinquent. The taxpayer provided the County Collector with a paid tax receipt issued by her office. On November 2, 2018, the County Collector requested and received a report of deleted transactions from the property tax system vendor. When scanning the list, she indicated she identified deleted transactions that looked unusual or she could not recall making. On November 5, 2018, the County Collector brought her concerns to the County Commission, who notified the Prosecuting Attorney. At the request of the Sheriff, the Missouri State Highway Patrol (MSHP) opened an investigation and obtained reports of deleted transactions.

On November 26, 2018, the State Auditor's Office (SAO) received an anonymous citizen concern regarding the County Collector's office. The SAO contacted the MSHP regarding its ongoing investigation and conducted an initial review of information provided by the MSHP under Section 29.221, RSMo. Based on discussions with law enforcement, the SAO determined an audit was warranted. The MSHP investigation is ongoing. The Sheriff, County Collector, County Clerk, and County Commission continue to cooperate with MSHP investigators.

### Missing Monies and Other Questionable Deleted Transactions

Between January 1, 2017, and October 31, 2018, monies totaling at least \$13,263 were receipted and the transactions were subsequently deleted from the property tax system. Two additional receipt transactions, totaling \$1,108, were deleted and the taxes are delinquent in the property tax system. Three deleted transactions totaling \$948 were for the former Deputy Collector's personal property taxes, including her 2016 taxes that were entered and deleted on two separate occasions.

### County Collector's Controls and Procedures

The County Collector has not adequately segregated accounting duties and does not perform a supervisory review of detailed accounting and bank records. The County Collector did not review and approve deleted transactions in the property tax system or periodically obtain a report of deleted transactions from the property tax system vendor to review. The County Collector does not account for the numerical sequence of receipt slip numbers assigned by the property tax system or manual receipt slips issued for partial payments. The County Collector does not prepare monthly lists of liabilities for the office's two bank accounts and consequently, liabilities are not agreed to reconciled bank balances. The County Collector does not adequately monitor taxpayer balances in the partial payment account.

### Electronic Data Security

Employees in the County Collector's office shared user identifications and passwords for the property tax system. The County Collector has not established adequate security controls to lock computers or the property tax system after a specified number of incorrect logon attempts. The County Collector does not store backup files at an off-site location. In addition, backup files are not periodically tested.

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Review of Activity

Neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector.

In the areas audited, the overall performance of this entity was **Poor**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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# Madison County Collector and Property Tax System

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## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

County Commission  
and  
County Collector  
Madison County, Missouri

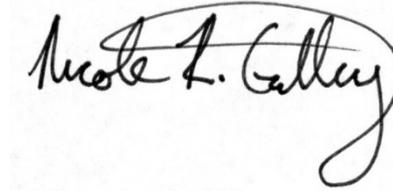
We have audited the County Collector and Property Tax System of Madison County in fulfillment of our duties under Sections 29.200.3 and 29.230, RSMo. Due to concerns regarding missing monies, the State Auditor initiated the audit. The scope of our audit included, but was not necessarily limited to, the period of January 1, 2018, through February 28, 2019. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant property tax functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Determine the extent of monies missing from the County Collector's office.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; requesting confirmation of tax account balances; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) missing monies totaling at least \$13,263. The accompanying Management Advisory Report presents our findings arising from our audit of the County Collector and Property Tax System of Madison County.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA  
State Auditor

The following auditors participated in the preparation of this report:

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# Madison County Collector and Property Tax System

## Introduction

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### Background

The County Collector bills and collects property taxes for the county and most local governments. Pursuant to Section 52.015, RSMo, collectors are elected to terms that expire on the first Monday in March of the year in which they are required to make their last final settlement for the tax book collected by them. Annual settlements are to be filed with the county commission for the fiscal year ended February 28 (29). Property taxes and other monies collected by the Madison County Collector's office totaled approximately \$8 million during the year ended February 28, 2019.

Debby Boone was elected Madison County Collector in November 2010, took office in March 2011, and has been subsequently elected to the position every 4 years thereafter. During the year ended February 28, 2019, the County Collector received compensation of \$40,301. Compensation was in accordance with statutory provisions. The County Collector supervised the daily operations of the County Collector's office and employed 1 full-time Deputy Collector as of February 28, 2018. The Deputy Collector began extended leave on November 3, 2018, and voluntarily resigned on January 14, 2019. The office had 2 part-time employees as of February 28, 2019.

In October 2018, a taxpayer notified the County Collector about concerns with his taxes after he attempted to sell a piece of real estate and was informed his real estate taxes were unpaid and delinquent. The taxpayer provided the County Collector with a paid tax receipt issued by her office. The County Collector began reviewing this taxpayer's account and payment activity in the property tax system and noted the transaction supported by the paid tax receipt was missing and may have been deleted.

On November 2, 2018, the County Collector requested and received a report of deleted transactions from the property tax system vendor. When scanning the list, she indicated she identified deleted transactions that looked unusual or she could not recall making. On November 5, 2018, the County Collector brought her concerns to the County Commission, who notified the Prosecuting Attorney.

On November 6, 2018, the Prosecuting Attorney recommended personnel in the County Collector's office change their passwords, no longer accept cash, and cease deleting computer transactions, and the office not rehire any part-time staff who assisted during the 2017 tax season. The County Collector and Presiding Commissioner voluntarily signed a document agreeing to the recommendations. On November 7, 2018, Judge Rob Fulton issued an order to preserve evidence directing the County Collector and her employees not to dispose of any electronic or physical records in the custody of the County Collector's office and to not accept cash payments for any reason.

At the request of the Sheriff, the Missouri State Highway Patrol (MSHP) opened an investigation and obtained reports of deleted transactions. As part



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## Madison County Collector and Property Tax System Background

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of the investigation, MSHP investigators also interviewed various current and former employees of the County Collector's office and certain taxpayers associated with deleted transactions.

On November 26, 2018, the State Auditor's Office (SAO) received an anonymous citizen concern regarding the County Collector's office. The SAO contacted the MSHP regarding its ongoing investigation and conducted an initial review of information provided by the MSHP under Section 29.221, RSMo. Based on discussions with law enforcement, the SAO determined an audit was warranted.

We began an audit of the County Collector's office on March 4, 2019. The scope of our audit included, but was not necessarily limited to, the period of, January 1, 2018, through February 28, 2019. We reviewed the activity of the County Collector's bank accounts, including the general operating bank account (main account) and the partial payment account, and reviewed property tax records maintained by the County Collector's office. After identification of monies missing and the method used to perpetrate and conceal the theft, we applied limited procedures to certain property tax records for the year ended December 31, 2016. The limited procedures included reviewing deleted transaction data obtained from the property tax system vendor for the period.

### Criminal investigation

The MSHP investigation is ongoing. The Sheriff, County Collector, County Clerk, and County Commission continue to cooperate with MSHP investigators.

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# Madison County Collector and Property Tax System Management Advisory Report State Auditor's Findings

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## **1. Missing Monies and Other Questionable Deleted Transactions**

Between January 1, 2017, and October 31, 2018, monies totaling at least \$13,263<sup>1</sup> (see Appendix) were received and the transactions were subsequently deleted from the property tax system. The monies were not deposited and are missing. Additional transactions totaling at least \$2,056 were received and subsequently deleted from the property tax system during the period and are questionable. As a result, additional monies may be missing.

When a tax payment is received, office personnel record the receipt in the property tax system and a system-generated paid tax receipt is issued to the taxpayer. At the end of each day, cash drawers are counted and reconciled to daily batch reports printed from the property tax system. Office personnel prepare separate deposit slips for each cash drawer and make deposits at a local bank the following morning. If transactions are deleted, they are not included on daily batch reports to be reconciled to collections.

We obtained and reviewed a report of deleted transaction data from the property tax system vendor for the period of January 1, 2017, through October 31, 2018.<sup>2</sup> Based on this report, receipt transactions for 39 personal property and 29 real estate tax bills were deleted and the taxes were considered delinquent as of November 2, 2018. Taxes related to 12 of the personal property and 9 real estate tax bills were subsequently abated by the County Assessor or paid and 2 of the personal property tax bills were related to the Deputy Collector.

We attempted to confirm the remaining 25 personal property and 20 real estate tax bills were actually delinquent or obtain documentation of payment. We obtained copies of paid tax receipts for 23 personal property and 17 real estate tax bills. One taxpayer confirmed his/her personal property taxes were delinquent, 2 taxpayers did not respond, and 1 taxpayer did not respond but subsequently paid her 2016 and 2017 real estate taxes.

Deleted transactions  
confirmed missing

Tax payments totaling \$13,263 were recorded in the property tax system and a paid tax receipt issued, but the transactions were subsequently deleted and the associated payment taken before the daily deposit was prepared and the taxes were listed in the system as delinquent. (See Appendix)

Twenty-seven taxpayers provided proof of payment for their delinquent taxes to the County Collector or the SAO. The County Collector provided us 37 paid tax receipts from 24 taxpayers, totaling \$12,139. The receipts were

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<sup>1</sup> Amounts presented in the report finding text are rounded, whereas amounts presented in the tables in this section and the Appendix are not rounded.

<sup>2</sup> The County Collector requested the capability to delete transactions in the property tax system be removed in November 2018.



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 Management Advisory Report - State Auditor's Findings

issued in 2017 and 2018 and show the taxes for 20 personal property and 17 real estate tax bills had been paid and should not have been listed as delinquent. The taxpayers brought the tax receipts to the County Collector after receiving their 2018 tax bill that also listed their 2016 and/or 2017 taxes as delinquent. Three additional taxpayers confirmed to our office their personal property taxes, totaling \$1,124, were paid and provided paid tax receipts. Twenty-five of the 27 taxpayers indicated to the MSHP or SAO they paid cash, and the remaining 2 taxpayers did not indicate their method of payment.

Since the County Collector, former Deputy Collector, and seasonal employees used the same user identifications and passwords for the property tax system, there is no assurance that the user listed in the system for a transaction or deletion was the individual who performed the transaction (see MAR finding number 3.1). As a result, it is unclear who deleted the transactions.

**Additional questionable deleted transactions**

Two additional receipt transactions, totaling \$1,108, were deleted and the taxes are delinquent in the property tax system. There is no subsequent receipt transaction on the same or a later date indicating the deletion was for one of the routine reasons used by office personnel (see MAR finding number 2.2). One transaction was for personal property taxes and the other for real estate taxes. We requested confirmation of the delinquent amounts from the taxpayers associated with these transactions, but did not receive a response.

Date Paid	Receipt Number	Tax Year	Date Deleted	Amount
02/02/2018	2017006070	2017	02/02/2018	\$ 6.40
07/17/2018	2017007687	2016	07/17/2018	1,101.49
<b>Total</b>				<b>\$ 1,107.89</b>

**Former Deputy Collector deleted transactions**

We noted three deleted transactions totaling \$948 for the former Deputy Collector's personal property taxes, including her 2016 taxes that were entered and deleted on two separate occasions. We could not determine if any payments occurred with the entry of these receipts or why someone made these transactions.

Date Paid	Receipt Number	Tax Year	Date Deleted	Amount
02/01/2017 (1)	2016006552	2016	02/01/2017	\$ 312.12
12/29/2017 (1)	2017004879	2016	12/29/2017	354.14
12/29/2017	2017004879	2017	12/29/2017	281.40
<b>Total</b>				<b>\$ 947.66</b>

(1) These deleted transactions are for the same account and tax year. The transaction on December 29, 2017 is larger due to additional accrued interest and penalties.



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**Conclusion**

The lack of segregation of duties, inadequate controls, and the absence of proper oversight as discussed in the remainder of the report, resulted in property tax collections not being properly recorded, deposited, and distributed.

**Recommendation**

The County Commission and the County Collector work with law enforcement officials regarding criminal prosecution related to the missing monies and take the necessary actions to obtain restitution.

**Auditee's Response**

*The County Commissioners and the County Collector will continue working together with the Missouri State Highway Patrol, Madison County Sheriff's Department, and Madison County Prosecuting Attorney for investigative and legal advice. We will assist with pursuing criminal prosecution of the person whom the MSHP finds responsible.*

*The Madison County Commission will continue their efforts to pursue all available avenues to recover financial losses to Madison County and to the entities involved.*

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**2. County Collector's  
Controls and  
Procedures**

Significant weaknesses exist in the County Collector's accounting controls and procedures.

**2.1 Segregation of duties**

The County Collector has not adequately segregated accounting duties and does not perform a supervisory review of detailed accounting and bank records. All employees receive and record payments received in the property tax system and the partial payment manual receipt slip book and prepare daily deposits. The County Collector does not perform a documented review of accounting and bank records.

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, disbursing, and reconciling monies. In addition, documented independent reviews of detailed accounting and bank records are essential.

**2.2 Deletions and  
adjustments**

The County Collector did not review and approve deleted transactions in the property tax system or periodically obtain a report of deleted transactions from the property tax system vendor to review. The County Collector indicated office staff routinely deleted transactions in the property tax system to change the payment method, tax year, personal property account number, or real estate parcel number on transactions. Office personnel also deleted portions of transactions (e.g., for a specific real estate parcel or personal



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property account when the whole transaction included multiple parcels and/or accounts).

As discussed in MAR finding number 1, deleted transactions were not included on daily batch reports to be reconciled to collections, and as a result, there was a risk completed transactions could be improperly deleted and not detected. The system vendor can provide a deleted transaction report that includes the initial transaction, deletion date, and user(s) responsible for the action. However, the County Collector does not have immediate access to these records and did not request these reports until after she began reviewing the payment concern reported by a taxpayer.

In November 2018, after the County Collector determined deleted transactions were used to perpetrate and conceal theft of monies, the County Collector's office began using the adjustment function in the property tax system instead of deleting transactions. The property tax system retains the receipt number for adjustments, includes adjustments on the daily batch report, automatically generates a daily adjustment report, and requires documentation of an explanation for the adjustment when completing the transaction. The County Collector indicated she reviews these reports daily to ensure reasons for adjustments have been sufficiently documented and the adjustments were proper. The County Collector also requested the property tax system vendor remove the ability for her and her staff to delete transactions.

Retaining documentation to support deleted transactions or adjustments helps ensure such transactions are appropriate. In addition, an independent and/or supervisory review and approval of deletions and adjustments is necessary to ensure such transactions are appropriate and reduce the risk of errors, loss, theft, or misuse of funds.

### 2.3 Numerical sequence of receipt slips

The County Collector does not account for the numerical sequence of receipt slip numbers assigned by the property tax system or manual receipt slips issued for partial payments. The 2 collection stations (cash drawers) share the same sequence of receipt slip numbers. As a result, receipt slip numbers are not in numerical sequence on each station's daily batch report. In addition, due to system limitations, a comprehensive report of all receipt slip numbers cannot be printed. No one in the County Collector's office accounts for the numerical sequence of the receipt slip numbers. This weakness allowed for manipulation of receipts processed through the property tax system to go undetected.

To ensure all monies received are properly recorded and deposited, and to reduce the risk that loss, theft, or misuse of funds, the County Collector should ensure adequate controls are in place to properly account for the numerical



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sequence of receipt slip numbers assigned by the property tax system and issued from the manual receipt slip book.

## 2.4 Liabilities

The County Collector does not prepare monthly lists of liabilities for the office's two bank accounts and consequently, liabilities are not agreed to reconciled bank balances.

The County Collector deposits receipts of current and delinquent property taxes and other miscellaneous receipts into her main bank account. The County Collector maintains a separate partial payment account to collect and hold payments for current and delinquent property taxes until sufficient monies have accumulated to pay tax bills in full.

At our request, the County Collector prepared a list of liabilities for each account. For the main account, identified liabilities totaled \$174,585 at February 28, 2019. The reconciled bank balance was \$174,625, leaving an unidentified balance of \$40. For the partial payment account, identified liabilities totaled \$28,927 at March 27, 2019. The reconciled bank balance was \$28,927, leaving no unidentified balances.

Monthly lists of liabilities should be prepared and reconciled to the available cash balance to ensure sufficient cash is available for the payment of amounts due and all monies in the bank accounts can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed. Various statutory provisions provide for the disposition of unidentified monies.

## 2.5 Partial payments

The County Collector does not adequately monitor taxpayer balances in the partial payment account. As a result, the County Collector held monies that should have been refunded or applied to tax bills.

The County Collector does not maintain centralized records of partial pay balances. The County Collector records taxpayer partial payment activity on manual receipt slips and in an electronic check register. At our request, the County Collector generated reports of taxpayers with balances in the partial payment account. To accomplish this she had to search the electronic register for each taxpayer's name and total the amounts paid and disbursed. As of March 27, 2019, approximately 116 taxpayers had balances in the account.

The County Collector's list included 13 taxpayers with balances totaling approximately \$2,990 that should be refunded. These taxpayers have not made a partial payment since at least July 2018 and no longer owe the county for taxes. In addition, 3 taxpayers had sufficient balances to make a full payment of their taxes due but continued to accrue penalties and interest on delinquent tax bills. One of the 3 taxpayers was charged penalties and interest when the County Collector posted his payment in April 2019. However, full payment of his 2016 real estate taxes could have been made by the due date



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(avoiding penalties and interest) if the County Collector had more closely monitored the account. The County Collector indicated taxpayers are supposed to indicate if they want to use their partial payment balance when making a tax payment.

Without regular identification of taxpayer balances and comparison to taxes due, there is less likelihood payments will be promptly applied and refunds will be issued when necessary. If a partial payment account list of liabilities was maintained, the County Collector could also use this information to monitor taxpayer partial payment balances.

## Recommendations

The County Collector:

- 2.1 Segregate accounting duties to the extent possible or ensure independent or supervisory reviews of detailed accounting and bank records are performed and documented.
- 2.2 Require an independent and/or supervisory review and approval of all deleted transactions and adjustments made in the property tax system.
- 2.3 Implement procedures to account for the numerical sequence of receipt slip numbers.
- 2.4 Prepare monthly lists of liabilities and reconcile the list to the available cash balance. Any differences should be promptly investigated and resolved. Any unidentified monies should be disposed of in accordance with state law.
- 2.5 Monitor partial payment account balances to determine if taxpayer balances are sufficient to apply to taxes due. Also, the County Collector should timely process refunds when necessary.

## Auditee's Response

- 2.1 *I have established procedures for supervisory reviews in my office. I review the Deputy Collector's work and she reviews my work. In addition, on a weekly basis the County Commission reviews the daily reports from the property tax system, and also reviews the monthly distribution report.*
- 2.2 *The County Collector's office no longer has the ability to delete any transactions and all corrections are done through adjustments. When adjustments occur, a report is generated from the property tax system to provide a reason for the adjustment, how much the adjustment was for, and who made the adjustment. The adjustments are reviewed and approved by the County Collector and the County Commission.*



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- 2.3 *The numerical sequences should be uninterrupted as the deletion capability no longer exists and, when an adjustment is made, the numerical sequence stays intact. The County Collector and Deputy Collector review the numerical sequences daily.*
- 2.4 *I will continue to reconcile monthly bank statements and prepare a report with all liabilities identified for comparison. Any bank interest and over plus monies will be identified as such and distributed in a timely manner.*
- 2.5 *I have already put new measures in place to track the current balance of each customer. Inactive customers have been refunded and some monies have been turned over to the Missouri State Treasurer.*

### 3. Electronic Data Security

#### 3.1 User identification and passwords

Controls over the County Collector's office computers are not sufficient to prevent unauthorized access. As a result, county records are not adequately protected and are susceptible to unauthorized access.

Employees in the County Collector's office shared user identifications and passwords for the property tax system. Employees share computers in the office and do not log off and log back on with their unique user identification and password when using the property tax system at one of the shared computers. As a result, there was no assurance that the user listed in the system for posting or deleting a transaction was the person who did it. Also, employees are not required to change passwords periodically and passwords are not required to have a minimum number of characters. The County Collector required all employees to change their passwords in November 2018 at the request of the Prosecuting Attorney and now requires each employee to use his/her own unique user identification and password when posting transactions to the tax system.

Unique user identifications and passwords are necessary to identify activity performed by each individual. While user identifications and passwords are required to authenticate access, the security of these logon credentials is dependent upon keeping them confidential. Allowing certain users to share logon credentials increases the risk of unauthorized access and/or changes to the system and records and does not provide assurance access is limited to only those individuals who need access to perform their job responsibilities. User identifications should be unique to each person and passwords should be confidential, contain a minimum number of characters, and be changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

#### 3.2 Security controls

The County Collector has not established adequate security controls to lock computers or the property tax system after a specified number of incorrect logon attempts.



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Logon attempt controls lock the capability to access a computer 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. Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data including confidential data and sensitive resources.

### 3.3 Data backup

The County Collector does not store backup files at an off-site location. In addition, backup files are not periodically tested. Failure to store computer backup data at a secure off-site location results in the data being susceptible to the same damage as the data on the computer.

To help prevent loss of information and ensure essential information and computer systems can be recovered, backup data should be stored at a secure off-site location and tested on a regular basis.

## Recommendations

The County Collector:

- 3.1 Require unique user identifications and passwords for each employee and require passwords contain a minimum number of characters and be changed periodically.
- 3.2 Require the property tax system and each computer to have security controls in place to lock after a specified number of unsuccessful logon attempts.
- 3.3 Ensure backup data is stored in a secure off-site location and tested on a regular basis.

## Auditee's Response

- 3.1 *All employees must have unique user identifications and passwords and receive reminders to change their passwords at least every three months. We have also established a minimum character requirement for passwords.*
- 3.2 *On June 10, 2019, our information technology (IT) vendors enabled controls on the office's computers to lock a computer after 5 incorrect logon attempts. Computers now lock after inactivity for three minutes.*
- 3.3 *Computer data is being backed up by our IT vendor on a secure off-site server. The vendor will send me reports to verify the backup dates and times. The County Collector and IT vendor will ensure the data is being backed up and the backup is tested.*



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Management Advisory Report - State Auditor's Findings

## 4. Review of Activity

Neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax charges. In addition, the County Clerk and County Commission do not perform adequate 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, and less assurance the annual settlements are complete and accurate.

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, monthly collections, delinquent credits, additions and abatements, 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 and could also be used by the County Clerk and the County Commission to verify the County Collector's annual settlements. In addition, Section 139.190, RSMo, requires the County Commission to carefully and fully examine the annual settlement of the County Collector. Such procedures are intended to establish checks and balances related to the collection of property taxes.

### Recommendation

The County Clerk maintain an account book with the County Collector. In addition, the County Clerk and County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.

### Auditee's Response

*The County Commission will review the activities of the County Collector on a more frequent basis. Deposit sheets along with collection sheets will be reviewed. The County Commission will also review the amounts on the annual settlement before it is approved and submitted to the State Tax Commission. The County Clerk has corrected the error in failing to track the beginning and current balance of property taxes owed.*

Appendix

Madison County Collector and Property Tax System  
 Supporting Documentation - Deleted Transactions Confirmed Missing

Date Paid	Receipt Number (1)	Tax Type	Tax Year	Method of Payment	Date Deleted	Amount Not Deposited
9/28/2017	201700028	Personal Property	2016	Cash	9/28/2017	\$ 268.29
11/6/2017	2017000348	Personal Property	2017	Cash	11/6/2017	477.76
11/7/2017	2017000387	Personal Property	2017	Did Not Provide	11/7/2017	128.21
11/8/2017	2017000438	Real Estate	2017	Cash	11/8/2017	322.01
11/9/2017	2017000823	Real Estate	2017	Cash	11/13/2017	141.24
11/9/2017	2017000823	Personal Property	2017	Cash	11/13/2017	15.62
11/13/2017	2017000871	Personal Property	2017	Cash	11/13/2017	371.68
11/13/2017	2017000871	Real Estate	2017	Cash	11/13/2017	574.00
11/15/2017	2017001280	Personal Property	2017	Cash	11/15/2017	302.28
11/20/2017	2017001610	Personal Property	2017	Cash	11/20/2017	493.44
11/20/2017	2017001579	Personal Property	2017	Cash	11/20/2017	423.73
11/27/2017	2017001741	Real Estate	2017	Did Not Provide	11/27/2017	286.72
11/28/2017	2017001898	Personal Property	2017	Cash	11/28/2017	1,039.48
11/28/2017	2017001898	Personal Property	2017	Cash	11/28/2017	43.61
12/5/2017	2017002302	Real Estate	2017	Cash	12/5/2017	1,280.17
12/5/2017	2017002302	Real Estate	2017	Cash	12/5/2017	382.35
12/5/2017	2017002302	Real Estate	2017	Cash	12/5/2017	16.92
12/5/2017	2017002302	Personal Property	2017	Cash	12/5/2017	158.47
12/11/2017	2017002783	Personal Property	2017	Cash	12/11/2017	247.01
12/13/2017	2017003049	Real Estate	2017	Cash	12/13/2017	179.90
12/13/2017	2017003049	Real Estate	2017	Cash	12/13/2017	73.31
12/13/2017	2017003049	Real Estate	2017	Cash	12/13/2017	121.81
12/13/2017	2017003049	Real Estate	2017	Cash	12/13/2017	27.07
12/13/2017	2017003049	Real Estate	2017	Cash	12/13/2017	17.47
12/19/2017	2017003530	Real Estate	2017	Cash	12/19/2017	1,920.76
12/19/2017	2017003530	Real Estate	2017	Cash	12/19/2017	302.58
12/26/2017	2017004277	Real Estate	2017	Cash	12/27/2017	6.78
12/26/2017	2017004277	Real Estate	2017	Cash	12/27/2017	278.60
12/26/2017	2017004277	Real Estate	2017	Cash	12/27/2017	406.97
12/26/2017	2017004277	Personal Property	2017	Cash	12/27/2017	174.08
1/9/2018	2017005742	Personal Property	2017	Cash	1/10/2018	498.71
1/24/2018	2017005905	Personal Property	2017	Cash	1/25/2018	214.44
1/25/2018	2017005917	Personal Property	2016	Cash	1/25/2018	121.03
1/25/2018	2017005917	Personal Property	2017	Cash	1/25/2018	83.22
2/22/2018	2017006346	Personal Property	2017	Cash	2/22/2018	406.59
3/29/2018	2017006952	Personal Property	2017	Cash	3/29/2018	227.40
4/3/2018	2017006999	Personal Property	2017	Cash	4/3/2018	541.72
4/16/2018	2017007111	Personal Property	2017	Cash	4/16/2018	423.73
5/4/2018	2017007264	Personal Property	2017	Cash	5/4/2018	158.43
5/9/2018	2017007294	Personal Property	2017	Cash	5/9/2018	105.36
						\$ <u>13,262.95</u>

(1) Receipt numbers may be duplicated because more than one personal property or real estate tax bill may be included on a paid tax receipt.