



DUNKLIN COUNTY, MISSOURI
EX-OFFICIO COUNTY COLLECTOR

**From The Office Of State Auditor
Claire McCaskill**

Report No. 2000-109
October 11, 2000
www.auditor.state.mo.us

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

October 2000

www.auditor.state.mo.us

The following findings were noted as a result of an audit conducted by our office of the Ex-Officio County Collector, Dunklin County, Missouri.

State statute requires the state auditor to audit the office of the County Collector after being notified of a vacancy in that office. On April 30, 2000, a vacancy occurred in the office of the Ex-Officio County Collector of Dunklin County, Missouri; a successor was appointed effective May 1, 2000.

Monthly listings of liabilities are not prepared and reconciled to cash balances. Several errors occurred during the audit period and were not detected in a timely manner because of the lack of such reconciliations. For example, \$10,484 received and deposited in June 1999 was not disbursed to applicable political subdivisions until April 2000.

As of April 30, 2000, the reconciled bank balance was approximately \$43,000 more than April distributions including unidentified monies totaling \$18,092 and undistributed interest totaling \$18,099. The Ex-Officio County Collector has not distributed interest for several years.

Additionally, tax receipts and other monies received are not reconciled to the composition of bank deposits. The Ex-Officio County Collector does not post the paid tax bills to the accounting records on a daily basis or generate a daily abstract.

For the year ended February 29, 2000, the annual settlement of the Ex-Officio County Collector had not been completed and filed with the County Commission as of June 2000. State law requires settlements be filed with the County Commission. In addition, timely completion of the settlement is necessary to permit the prompt review and verification of the tax book charges and credits.

The audit also recommended improvements related to bank reconciliations, drainage and levee district records, purchases made from political subdivisions' tax monies, and excess interest transferred to the County Special Road and Bridge Fund.

Several similar conditions had been noted in our prior report on Dunklin County for the two years ended December 31, 1998. The Ex-Officio County Collector indicated these recommendations would be implemented, however, no improvements were noted.

YELLOW SHEET

DUNKLIN COUNTY, MISSOURI
EX-OFFICIO COUNTY COLLECTOR

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the County Commission
and
Ex-Officio County Collector
Dunklin County, Missouri

Section 52.150, RSMo 1994, requires the state auditor to audit the office of the County Collector after being notified of a vacancy in that office. On April 30, 2000, a vacancy occurred in the office of the Ex-Officio County Collector of Dunklin County, Missouri; a successor was appointed effective May 1, 2000.

To satisfy our statutory obligation, we have audited the operations of the Ex-Officio County Collector of Dunklin County, Missouri. The scope of this audit included, but was not necessarily limited to, the period March 1 to April 30, 2000, and the year ended February 29, 2000. In accordance with Section 52.150, RSMo 1994, our responsibilities during this audit were to:

1. Determine the financial condition of the accounts of the office of the Ex-Officio County Collector.
2. Determine the proper compensation that should have been paid to the replaced Ex-Officio County Collector during the past three years and the compensation actually paid during such period.
3. File a report of our findings with the County Commission and the person appointed to fill the vacancy in the office of the Ex-Officio County Collector.

Section 52.150, RSMo 1994, requires the County Commission to accept the state auditor's report and, if necessary, to take certain specific actions if the state auditor finds any monies owing to the county or the past Ex-Officio County Collector.

Our audit was conducted in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the Ex-Officio County Collector.

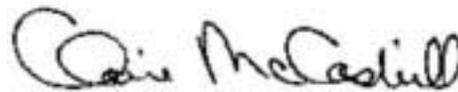
As part of our audit, we assessed the controls of the Ex-Officio County Collector to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of

the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the Ex-Officio County Collector and was not subjected to the procedures applied in the audit of that office.

The accompanying Management Advisory Report presents our findings arising from our audit of the Ex-Officio County Collector of Dunklin County, Missouri.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

June 16, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Randall Gordon, CPA
Audit Staff:	Scott Fontana

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DUNKLIN COUNTY, MISSOURI
EX-OFFICIO COUNTY COLLECTOR
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR’S FINDINGS

1. Reconciliation of Ex-Officio County Collector’s Records

- A. Monthly bank reconciliation procedures during the audit period were inadequate. The bank reconciliations did not include as deposits in transit monies collected in one month but not recorded by the bank until the next month. In addition, although two checks had been reissued to replace two voided checks, the bank reconciliation showed the two voided checks as being outstanding. Accurate and complete bank reconciliations are necessary to ensure all receipts and collections are properly accounted for and facilitate reconciliation procedures between cash in the bank and liabilities.

- B. Monthly listings of liabilities are not prepared and reconciled to cash balances. Several errors occurred during the audit period and were not detected in a timely manner because of the lack of such reconciliations. For example, \$10,484 received and deposited in June 1999 was not disbursed to applicable political subdivisions until April 2000. The Ex-Officio County Collector did not realize these monies remained in her bank account until delinquent tax statements were sent to individuals. Several individuals responded that their taxes had been paid and subsequent review determined some monies received and deposited in June 1999 had not been posted to the accounting records. In addition, payment in lieu of taxes totaling \$4,991 had not been disbursed to the applicable drainage and levee districts as of April 30, 2000. Of this amount, \$1,911 was received in July 1999 and the remaining \$3,080 was received in December 1999. Also, taxes totaling \$402 received by the Ex-Officio County Collector for the Varney River Drainage District during the period March 1997 to December 1999 had not been disbursed as of April 30, 2000.

These errors were not detected because the Ex-Officio County Collector did not prepare and reconcile monthly listings of liabilities to the bank balance. As of April 30, 2000, the reconciled bank balance was approximately \$43,000 more than April distributions, including unidentified monies totaling \$18,092. Identification of month-end liabilities is necessary to ensure all receipts and collections are properly accounted for and cash in the bank is adequate to meet liabilities.

- C. The method of payment received (cash, check, and money order) is not consistently indicated on the receipt slip or on the paid tax receipt. Additionally, tax receipts and other monies received are not reconciled to the composition of bank deposits. The Ex-Officio County Collector does not post the paid tax bills to the accounting records on a daily basis or generate a daily abstract. As a result,

\$10,484 received in June 1999 was not posted to the accounting records and the error was not detected until April 2000. (See B above).

To properly reconcile receipts to deposits and ensure all monies are being deposited intact, a daily abstract should be generated and the method of payment should be reconciled to the composition of deposits.

These conditions were also noted in our report on Dunklin County, and the Ex-Officio County Collector indicated these recommendations would be implemented. However, no improvements were made regarding these conditions.

WE AGAIN RECOMMEND the Ex-Officio County Collector:

- A. Perform accurate monthly bank reconciliations.
- B. Prepare monthly listings of liabilities and reconcile the listings to the reconciled bank balances.
- C. Record the method of payment on each receipt slip issued and each paid tax receipt. In addition, the Ex-Officio County Collector should prepare a daily abstract of all receipts and reconcile the composition of receipts per the daily abstract to the composition of bank deposits.

AUDITEE'S RESPONSE

The current Ex-Officio County Collector provided the following responses:

- A&B. Beginning with the August 2000 bank reconciliation, these procedures will be implemented.*
- C. Receipts will be entered into the computer daily. The composition of receipts will be indicated and will be compared to the deposits. This will be implemented when the computer system is able to perform this procedure. We anticipate this will be in September 2000.*

2. Ex-Officio County Collector's Accounting Controls and Procedures
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Our review indicated many significant problems in the control procedures used by the Ex-Officio County Collector:

- A. The receipt slip books used for some drainage districts and levee collections are not prenumbered. In addition, different receipt slip books are used for each drainage and levee district and the Ex-Officio County Collector used multiple receipt slip books for the same drainage or levee district even though the receipt

slip book had not been completed. Consequently, the numerical sequence of receipt slips issued is not accounted for.

Also, the Ex-Officio County Collector was unable to locate all of the receipt slip books and other records applicable to the drainage and levee districts. Thus, there is no assurance that all monies received for drainage and levee districts had been appropriately deposited and disbursed to the districts.

To adequately account for receipts, prenumbered receipt slips should be issued for all receipts and the numerical sequence accounted for properly. In addition, records for drainage districts and levee districts should be maintained in a manner to ensure all monies received have been distributed.

- B. During the period March 1 to April 30, 2000 and the year ended February 29, 2000, the Ex-Officio County Collector did not distribute interest earned on bank deposits. As of April 30, 2000, cumulative interest totaled approximately \$18,099. According to the Ex-Officio County Collector, the interest had not been disbursed because she was not sure how to allocate the interest monies to the various political subdivisions.

Section 110.150.2, RSMo Cum. Supp. 1999, and Missouri Attorney General's Opinions No. 126, 1981 to Antonio; No. 108, 1981 to Busker; No. 148, 1980 to Antonio; and No. 40, 1965 to Owensby, provide the interest on school funds, county hospital and hospital district funds, health center funds, library funds, special road and bridge funds, assessment funds, and bond debt service funds, be placed to the credit of those funds, and the interest on all other funds to the credit of the county's General Revenue Fund. To allocate the interest equitably, the percentage of tax collections should be used.

- C. For the year ended February 29, 2000, the annual settlement of the Ex-Officio County Collector had not been completed and filed with the County Commission as of June 2000. Section 139.160, RSMo 1994, requires settlements be filed with the County Commission by the first Monday in March. In addition, timely completion of the settlement is necessary to permit the prompt review and verification of the tax book charges and credits.
- D. At April 30, 2000, the Ex-Officio County Collector's bank account had \$349 in outstanding checks that were over a year old. In addition, the Ex-Officio County Collector had \$430 in outstanding checks written in 1997 from a previous bank account. Checks totaling \$363 from the previous bank account were written to political subdivisions and should be reissued. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions including Sections 447.500 through 447.595, RSMo 1994 provide for the disposition of unclaimed monies.

- E. During the period March 1 to April 30, 2000 and the year ended February 29, 2000, the Ex-Officio County Collector purchased postage stamps totaling \$1,980 with checks drawn on the Ex-Officio County Collector bank account. The Ex-Officio County Collector had no authority to make purchases from political subdivisions' tax monies. These monies were only available in the account due to poor internal controls and a lack of reconciliation procedures by the Ex-Officio County Collector.
- F. As of May 1999, the Ex-Officio County Collector held \$142,780 of county receipts and related interest of \$4,956 in the Ex-Officio County Collector's bank accounts rather than in a County Treasurer's bank account. In July 1999, the Ex-Officio County Collector disbursed \$153,324 to the County Treasurer's bank account and credited this amount to the Special Road and Bridge Fund. Supporting documentation could not be located to determine how the \$153,324 amount was calculated. Based on our review of additional interest accrued through July 1999, the Ex-Officio County Collector disbursed \$4,185 more in interest to the County Treasurer's Special Road and Bridge Fund than applicable. This amount needs to be returned to the Ex-Officio County Collector's bank account.

Conditions similar to A-C were also noted in our report on Dunklin County, and the Ex-Officio County Collector indicated these recommendations would be implemented. However, no improvements were made regarding these conditions.

WE RECOMMEND the Ex-Officio County Collector:

- A. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of those receipt slips. Records should be adequately maintained to ensure all monies collected have been disbursed to the drainage districts and levee districts.
- B. Allocate interest in accordance with state statutes and Attorney General's opinions.
- C. Ensure annual settlements are completed in a timely manner.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- E. Discontinue the practice of purchasing postage stamps from the Ex-Officio County Collector's bank account. Reimbursement of \$1,980 should be obtained from the General Revenue Fund.
- F. Obtain reimbursement of \$4,185 from the Special Road and Bridge Fund.

AUDITEE'S RESPONSE

The current Ex-Officio County Collector provided the following responses:

- A. The drainage districts provide us with receipt slips to use for their collections. However, last month, we started keeping an additional receipt slip book to help keep track of monies collected to ensure monies get disbursed.*
- B. Interest has been disbursed.*
- C. I am still working on the annual settlement. It should be filed in September 2000.*
- D. Some of these checks have been reissued. I will check to see if the other checks can be resolved.*
- E. We will stop purchasing postage stamps from this account. Reimbursement will be made from the General Revenue Fund in September 2000.*
- F. This will be transferred during September 2000.*

This report is intended for the information of the Ex-Officio County Collector and the management of Dunklin County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

DUNKLIN COUNTY, MISSOURI
EX-OFFICIO COUNTY COLLECTOR
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Ex-Officio County Collector of Dunklin County, Missouri, on the applicable finding in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1998, on Dunklin County.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the Ex-Officio County Collector should consider implementing those recommendations.

8. Ex-Officio County Collector's Accounting Controls and Procedures

- A. Receipt slips were not issued for partial payments received and receipt slip books used for some drainage districts and levee collections were not prenumbered. Consequently, the numerical sequence of receipt slips was not accounted for.
- B. The method of payment received (cash, check, and money order) was not consistently indicated on the receipt slip or on the paid tax receipt. Additionally, the tax receipts were not reconciled to the composition of bank deposits and a daily abstract was not prepared.
- C. Monies received were not deposited intact as personal checks were cashed for county employees from the daily receipts.
- D. The Ex-Officio County Collector did not distribute interest totaling \$10,125 earned on bank deposits.
- E. Annual settlements were not completed on a timely basis.
- F. The Ex-Officio County Collector's bank account included land tax sale monies totaling approximately \$13,000.
- G. Monthly bank reconciliations procedures during the audit period were inadequate and monthly listing of liabilities were not prepared and reconciled to cash balances resulting in unidentified monies totaling \$4,411 being held in the Ex-Officio County Collector's bank account. In addition, \$147,736 of county receipts and related interest were being held in the Ex-Officio County Collector's bank accounts instead of a County Treasurer bank account.

Recommendation:

The Ex-Officio County Collector:

- A. Issue prenumbered receipt slips for all monies received and account for the numerical sequence of those receipt slips.
- B. Record the method of payment on each receipt slip issued and each paid tax statement. Reconcile the composition of receipts to the paid tax bills and to bank deposits. Furthermore, prepare a daily abstract to reconcile collections per books to bank deposits.
- C. Deposit all receipts intact and discontinue the practice of cashing personal checks.
- D. Allocate interest in accordance with state statutes and Attorney General's opinion.
- E. Ensure annual settlements are completed in a timely manner.
- F. Disburse surplus monies from land tax sales to the County Treasurer.
- G. Perform monthly bank reconciliations on all bank accounts, prepare monthly listings of liabilities and reconcile the listings to the reconciled bank balances.

Status:

- A,D,
&E. Not implemented. See MAR No. 2.
- B. Not implemented. See MAR No. 1.
- C. Implemented.
- F. Partially implemented. As of April 30, 2000, the Ex-Officio County Collector's bank account still included \$273 of land tax sale monies. Although not repeated in the current report, our recommendation remains as stated above.
- G. Partially implemented. Monthly bank reconciliations are performed, however, the bank reconciliations are not adequate. Monthly listings of liabilities are not prepared and reconciled to the bank balances. See MAR No. 1.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DUNKLIN COUNTY, MISSOURI
EX-OFFICIO COUNTY COLLECTOR
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Ex-Officio County Collector and the township collectors bill and collect property taxes for the county and most local governments.

Jeris Warrington served as Ex-Officio County Collector until April 30, 2000. Nina Rhew was appointed the Dunklin County Ex-Officio County Collector effective May 1, 2000.

The Ex-Officio County Collector received compensation of \$3,336 for the period April 1 to April 30, 2000. During the years ended March 31, 2000, 1999, and 1998, the Ex-Officio County Collector received compensation of \$40,137, \$40,175, and \$40,110, respectively. Compensation was in accordance with statutory provisions and includes drainage districts commissions.

The following schedule reflects amounts from the records of the Ex-Officio County Collector on the modified accrual basis. The schedule does not include any of the operating costs of the Ex-Officio County Collector's office other than commissions retained. Operating costs are paid from the General Revenue Fund of the county.

Appendix

DUNKLIN COUNTY, MISSOURI
 EX-OFFICIO COUNTY COLLECTOR
 SCHEDULE OF REVENUES AND EXPENDITURES

	Period March 1 to April 30, 2000	Year Ended February 29, 2000
	<u> </u>	<u> </u>
REVENUES		
Property taxes	\$ 1,176,611	11,675,256
Interest	1,909	8,957
Other	23,698	73,090
Less Provision for Uncollectible Accounts	(763,327)	(1,176,611)
Total Revenues	<u>438,891</u>	<u>10,580,692</u>
EXPENDITURES		
State of Missouri	2,861	73,906
General Revenue Fund	12,077	270,206
Special Road and Bridge Fund	24,538	645,576
Assessment Fund	3,713	103,730
Health Center Fund	10,187	266,467
Senate Bill 40 Board Fund	8,305	218,855
School districts	291,726	7,502,918
Library districts	23,693	608,260
Ambulance districts	12,108	316,880
Johnson Grass Fund	36	2,571
Townships	9,585	239,206
Drainage/Levee Districts	3,303	20,923
Cities	865	99,029
County Employees' Retirement	15,218	60,774
Other	615	7,836
Commissions and fees:		
General Revenue Fund	20,061	73,533
Township Collectors	0	69,913
Ex-Officio County Collector	0	109
Total Expenditures	<u>438,891</u>	<u>10,580,692</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 0</u>	<u>0</u>

* * * * *