



Thomas A. Schweich
Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Schuyler County Collector And Property Tax System



June 2012

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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
County Collector of Schuyler County

We have conducted follow-up work pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program on certain audit report findings contained in Report No. 2011-112, *Schuyler County Collector and Property Tax System*, issued in December 2011. The objectives of the AFTER program are to:

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

Our methodology included working with the county, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation provided by the county and held discussions with county officials. Documentation included various accounting records and bank statements. This report is a summary of the results of this follow-up work, which was substantially completed during May 2012.

Thomas A. Schweich
State Auditor

Schuyler County Collector and Property Tax System

Follow-Up Report on Prior Audit Findings

Status of Findings

1. Missing Monies	Weaknesses in internal controls and record keeping procedures of the County Collector's office and property tax system allowed missing monies of at least \$568,974 to go undetected. Information regarding these missing monies was shared with law enforcement authorities. On June 27, 2011, Kathy Roberts (former County Collector) ceased performing duties related to the County Collector's office, and on August 31, 2011, Roberts resigned her position as Schuyler County Collector. Criminal charges were filed on October 27, 2011.
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Recommendation	The County Commission and County Clerk take necessary action to recover the missing monies and work with law enforcement authorities regarding any criminal prosecution.
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Status	<p>In progress</p> <p>On December 19, 2011, Kathy Roberts pled guilty in federal court to one felony count of mail fraud. She was sentenced to 33 months in federal prison and ordered to pay restitution of \$568,974. On June 6, 2012, she pled guilty in state court to felony stealing and was placed on 5 years probation. The county is currently working with its bonding company and law enforcement to recover missing monies.</p>
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2. Property Tax System Controls and Procedures	Significant weaknesses were noted in controls and procedures over the property tax system.
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2.1 Delinquent tax books	The county did not prepare separate delinquent property books, and no one totaled the unpaid entries in the tax books to obtain and document delinquent tax totals. As a result, the County Clerk and the County Commission did not verify the accuracy of delinquent tax totals claimed by the former County Collector.
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Recommendation	The County Commission and County Clerk establish procedures to prepare delinquent tax books. If preparation of delinquent tax books is not feasible, the County Clerk should total and verify delinquent tax amounts annually on March 1 and document all procedures performed.
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Status	<p>Implemented</p> <p>The County Clerk's office reviewed the delinquent tax books and prepared delinquent tax totals for the County Collector's year beginning March 1, 2012.</p>
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2.2 Additions and abatements	Controls over property tax additions and abatements were not adequate. There was no independent comparison of property assessment changes made by the County Assessor to the related changes in the property tax
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books made by the former County Collector. In addition, the County Commission only approved changes in assessed valuations and did not approve the related tax book additions and abatements.

Recommendation

The County Commission and County Clerk work with the County Assessor to ensure all tax book additions and abatements are properly recorded, approved, and charged to the County Collector.

Status

Implemented

The County Assessor's office enters changes to assessed valuation into the computerized tax system, and the County Collector's office prepares amended tax bills from the system and tax book additions and abatements. The County Clerk receives monthly reports of changes in assessed valuations from the County Assessor and reconciles this information to the additions and abatements prepared by the County Collector.

2.3 Review of annual settlements

Neither the County Commission nor the County Clerk adequately reviewed or verified the amounts on the annual settlements prepared by the former County Collector. As a result, incorrect amounts recorded on the settlements prepared by the former County Collector went undetected.

Recommendation

The County Commission and County Clerk review the accuracy and completeness of the County Collector's monthly and annual settlements. This could be accomplished by the County Clerk maintaining a complete and accurate account book with the County Collector of all tax book changes and credits

Status

In progress

The County Clerk maintains an account book with the County Collector and reviews the monthly settlements for accuracy and completeness. The annual settlement for the year ended February 29, 2012, had not been prepared as of May 30, 2012.

3. County Collector's Controls and Procedures

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

3.1 Receipts and deposits

The former County Collector did not record some property tax receipts on abstract reports and did not adequately reconcile receipts to bank deposits. In addition, the method of payment was not indicated on some tax statements, and the composition of receipts was not always reconciled to the composition of deposits.

Recommendation

The County Collector record all receipts on the abstract lists and reconcile receipts to deposits by preparing daily totals on the abstract lists which



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agree to daily deposits. Additionally, the method of payment should be recorded on all tax statements, and the composition of receipts should be reconciled to the composition of deposits. Any differences should be investigated and explained.

Status

Implemented

Receipts are recorded on the computerized tax system, including method of payment, and reconciled to daily deposits.

3.2 Bank reconciliations
and liabilities

Documentation of monthly bank reconciliations was not always prepared or retained by the former County Collector. In addition, the former County Collector did not adequately reconcile liabilities to the bank account balances.

Recommendation

The County Collector prepare and retain accurate monthly bank reconciliations. In addition, monthly lists of liabilities should be prepared and reconciled to the monthly bank balances.

Status

Implemented

Since the current County Collector took office in November 2011, monthly bank reconciliations have been prepared and the cash balances have been reconciled monthly to liabilities.

3.3 Partial payments

Receipt slips for partial payments were not numbered and the former County Collector did not issue receipt slips for some partial payments received. In addition, the former County Collector did not maintain a ledger or other record to adequately identify amounts collected and balances due from each taxpayer.

Recommendation

The County Collector maintain accurate records of all partial payments received and due, including reconciling amounts collected to amounts held in the bank account. Additionally, pre-numbered receipt slips should be issued for all partial payments received.

Status

Implemented

Partial payments are recorded on the computerized tax system and on a manual ledger, and partial payments held are included in the monthly reconciliation of liabilities to the bank account balances.