



Thomas A. Schweich
Missouri State Auditor

County Collector Wayne County



May 2011
Report No. 2011-20

<http://auditor.mo.gov>



Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Wayne County Collector

Background	The former Wayne County Collector resigned effective November 10, 2010, and her replacement was sworn in on December 28, 2010. The State Auditor is required by state law to conduct an audit of the County Collector's office after being notified of a vacancy. This audit included the year ended February 28, 2010, and the period from March 1, 2010, through November 10, 2010.
Property Tax System Controls and Procedures	<p>The County Clerk and County Commission do not adequately monitor the County Collector's property tax related activities. The County Clerk should maintain an account book to track property taxes charged, taxes collected, abatements, protested amounts and other tax transactions to verify the County Collector's monthly and annual settlements.</p> <p>The County Collector over withheld railroad and utility commissions totaling \$5,299 for December 2010 and December 2009. Commissions were withheld at 1.5 percent but should have been withheld at 1 percent.</p>

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

American Recovery and Reinvestment Act 2009 (Federal Stimulus)	The Wayne County Collector did not receive any federal stimulus monies during the audited time period.
--	--

*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.

All reports are available on our website: <http://auditor.mo.gov>

Wayne County Collector

Table of Contents

State Auditor's Report	2
------------------------	---

Management Advisory Report - State Auditor's Findings	1. Property Tax System Controls and Procedures4
---	---

Organization and Statistical Information	6
---	---



THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
County Collector
Wayne County, Missouri

Section 52.150, RSMo, requires the State Auditor to audit the office of the County Collector after being notified of a vacancy in that office. The County Collector of Wayne County resigned effective November 10, 2010. A successor was appointed and sworn into office effective December 28, 2010.

To satisfy our statutory obligation, we have audited the operations of the County Collector of Wayne County. The scope of our audit included, but was not necessarily limited to, the period March 1 to November 10, 2010, and the year ended February 28, 2010. The objectives of our audit were to:

1. Determine the financial condition of the accounts of the office of the County Collector.
2. Evaluate the County Collector's internal controls over significant financial functions.
3. Evaluate the County Collector's compliance with certain legal provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the County Collector, as well as certain external parties; 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 contract 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.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the County Collector and county's management and was not subjected to the procedures applied in our audit of the County Collector.

Section 52.150, RSMo, 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 County Collector. For the areas audited, we identified (1) no significant deficiencies in internal control and (2) noncompliance with legal provisions. The accompanying Management Advisory Report presents our findings arising from our audit of the County Collector of Wayne County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CGFM, CIA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Lori Bryant

Wayne County Collector Management Advisory Report State Auditor's Findings

1. Property Tax System Controls and Procedures

The County Clerk and the County Commission do not provide adequate monitoring of property tax system activities. Commissions withheld by the County Collector from railroad and utility taxes were incorrectly calculated. For the year ended February 28, 2010, property taxes charged to the County Collector totaled approximately \$6 million.

1.1 Review of property taxes

Neither the County Commission nor the County Clerk adequately reviews the property tax collection activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax transactions and changes, and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly and annual settlements. The County Clerk indicated in the past he had used a computer spreadsheet to summarize activity after the Collector filed her annual settlement. However, this spreadsheet was lost when the County Clerk's office obtained new computers prior to the County Collector filing her annual settlement for the year ended February 28, 2010, and he has not set up a new spreadsheet.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable to the county treasury. An account book or other records which 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 the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

1.2 Commissions

Commissions were calculated incorrectly on railroad and utility taxes, and as a result, a total of \$5,299 was over withheld by the County Collector for December 2010 and December 2009. Commissions should have been withheld at the rate of 1 percent; however, 1.5 percent was withheld and paid to the County Treasurer for the General Revenue Fund. The County Collector indicated commissions on railroad and utility taxes have been calculated by the computer using this formula for a number of years. The 1.5 percent is the same commission rate used for all other current tax collections. Section 52.260, RSMo, provides for 1 percent on all tax collections and Section 52.250, RSMo, provides for a .5 percent mailing commission on all current taxes collected; however, this statute specifically excludes all current railroad and utility tax collections from the mailing commission.



Wayne County Collector
Management Advisory Report - State Auditor's Findings

Recommendations

- 1.1 The County Clerk maintain an account book with the County Collector. The County Clerk and County Commission should use the account book to review the accuracy and completeness of the County Collector's monthly and annual settlements.
- 1.2 The County Collector should ensure commissions are computed correctly in the future and should refund the commissions overwithheld to the various taxing authorities.

Auditee's Response

- 1.1 *The County Clerk provided the following response:*

I will establish an account book with the County Collector and will use it to review the accuracy of the collector's monthly and annual settlements.

- 1.2 *The current County Collector provided the following written response:*

I have spoken with the computer programmer and he has corrected the railroad and utilities commission percentage. He changed it from the 1.5 percent that was being withheld to the 1 percent that is allowable.

I do not see the county being able to turn over the overwithheld amount due to its poor financial status. Although if the over withheld amount is submitted to me, I will disburse it to the various taxing authorities that it is due to.

Wayne County Collector Organization and Statistical Information

The County Collector bills and collects property taxes for the county and most local governments. Pursuant to Section 52.015, RSMo, the term for which collectors are elected expires 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).

Mary Hampton served as County Collector until November 10, 2010. Erica Huitt was appointed the Wayne County Collector and sworn into office on December 28, 2010.

The County Collector received compensation of \$26,490 for the period March 1 to November 10, 2010. During the year ended February 28, 2010, the County Collector received compensation of \$38,147. Compensation was in accordance with statutory provisions.

American Recovery and Reinvestment Act of 2009 (Federal Stimulus)

The Wayne County Collector did not receive any federal stimulus monies during the period March 1 to November 10, 2010, and the year ended February 28, 2010.