

The seal of the State Auditor of Missouri is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "JUSTICE WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom.

Nicole Galloway, CPA

Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Madison County Collector and
Property Tax System

Report No. 2019-121

December 2019

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*Includes selected findings



NICOLE GALLOWAY, CPA Missouri State Auditor

County Commission
and
County Collector
Madison County, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2019-050, *Madison County Collector and Property Tax System* (rated as Poor), issued in July 2019, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings for which follow up is considered necessary, 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 specific plans to begin, or 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 has no specific plans to implement the recommendation.

As part of the AFTER work conducted, we reviewed documentation provided by county officials and held discussions with county officials to verify the status of implementation for the recommendations. Documentation provided by the county included financial records, and other pertinent documents. This report is a summary of the results of this follow-up work, which was substantially completed during October 2019.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA
State Auditor

Madison County Collector and Property Tax System

Follow-Up Report on Audit Findings

Status of Findings

1. **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. The monies were not deposited and are missing. Additional transactions totaling at least \$2,056 were receipted and subsequently deleted from the property tax system during the period and are questionable.

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.

Status **Implemented**

The County Collector indicated she and the County Commission continue to work with law enforcement regarding the prosecution of the former Deputy Collector. In August 2019, the former Deputy Collector was charged with 5 counts of stealing and the case is ongoing as of November 2019. The County Collector indicated the county filed a claim with its surety bonding company and resolution of the claim is pending the outcome of the criminal case.

2.1 **County Collector's Controls and Procedures - Segregation of duties** The County Collector had not adequately segregated accounting duties and did not perform a supervisory review of detailed accounting and bank records. All employees received and recorded payments received in the property tax system and the partial payment manual receipt slip book and prepared daily deposits. The County Collector did not perform a documented review of accounting and bank records.

Recommendation The County Collector segregate accounting duties to the extent possible or ensure independent or supervisory reviews of detailed accounting and bank records are performed and documented.

Status **In Progress**

The County Collector indicated she plans to implement an independent review process between herself and the newly hired Deputy Collector once the Deputy Collector is trained on the functions of the office. The County Collector plans for herself and the Deputy Collector to review each other's daily transactions including reviewing daily batch reports and comparing the reports to deposit slips, accounting for the numerical sequence of transactions, and reviewing adjustments. The County Collector also plans to have the Deputy Collector review the monthly bank reconciliations the County Collector prepares and the partial payment account activity. The County Collector expects this process will be implemented within 1 to 2 months. In addition, the County Commission has been reviewing selected daily batch reports and supporting documentation. Our review of July 2019 transactions



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noted a documented review by the County Commission of 6 daily batch reports and the supporting documentation.

2.2 County Collector's
Controls and Procedures
- 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.

Recommendation

The County Collector require an independent and/or supervisory review and approval of all deleted transactions and adjustments made in the property tax system.

Status

Implemented

The County Collector indicated office personnel no longer have the ability to delete transactions and all corrections are done through the adjustment function in the property tax system. We observed the County Collector attempt to delete a transaction and noted the system would not allow this to occur.

When a correction is needed, office personnel initiate an adjustment in the property tax system and the system requires comments explaining the need for each adjustment. A system report of adjustments is generated that summarizes the comments, dollar amount, and user (employee) who processed the adjustment. The County Collector indicated this documentation is filed with the daily batch reports and we observed the reports for July and September 2019. We also reviewed the supporting documentation for the 6 July 2019 adjustments and noted all were properly documented, including notations of the reason for the adjustment. In addition, the County Commission's review of selected daily batch reports includes a review of related adjustment activity.

2.3 County Collector's
Controls and Procedures
- Numerical sequence of
receipt slips

The County Collector did not account for the numerical sequence of receipt slip numbers assigned by the property tax system or manual receipt slips issued for partial payments.

Recommendation

The County Collector implement procedures to account for the numerical sequence of receipt slip numbers.



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Status

Implemented

The County Collector indicated she currently accounts for the numerical sequence of receipt slip numbers but plans for this procedure to be part of the review process discussed in the status of MAR finding number 2.1. During our review of July and October 2019 records, we were able to account for the numerical sequence of receipt slip numbers. The County Collector also indicated she accounts for the daily batch report number sequence. We reviewed the batch report sequence for July 2019 and were able to account for the numerical sequence.

3.1 Electronic Data Security
- User identification and
passwords

Employees in the County Collector's office shared user identifications and passwords for the property tax system. Employees shared computers in the office and did 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 were not required to change passwords periodically and passwords were not required to have a minimum number of characters.

Recommendation

The County Collector require unique user identifications and passwords for each employee and require passwords contain a minimum number of characters and be changed periodically.

Status

Partially Implemented

The County Collector indicated all employees now have unique user identifications and passwords. However, the County Collector indicated the newly hired Deputy Clerk is using the user identification and password of a former employee because the operating system contractor had not set up the Deputy Collector's user identification. During our review, we noted no other employees using shared user identifications or passwords.

The County Collector indicated the office works with two system contractors to change passwords periodically. The County Collector indicated the office systems do not require passwords to be changed so the contractors assist employees with password changes every 3 months for one system and 6 months for the other system. The County Collector indicated passwords for the property tax system do not require a minimum number of characters and the operating system contractor establishes the passwords for that system.