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# CITIZENS SUMMARY

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

Background	Former Wright County Collector Cynthia Cottengim pleaded guilty to forgery charges and resigned from her position in July 2016. Linda Outersky was appointed to the position in August. State law requires an audit be conducted after a vacancy occurs in the office of the county collector.
Unsupported Recorded Transactions and Questionable Transactions	The County Collector recorded property tax payments for herself and her family members totaling \$2,686 that could not be traced to a deposit. The County Collector changed the month/year used for the penalty, commission, and fee calculation in the property tax system for herself and her son, in order to reduce the amount of penalties, commissions, and fees paid. The County Collector or the former Deputy County Collector also changed the month/year for other taxpayers accounts, including a neighbor. These changes resulted in \$3,788 in penalties, commissions, and fees not being charged. The County Collector did not follow the established county procedures to support and document the issuance of a personal property tax waiver to her daughter.
City Commissions	The County Collector was not calculating and withholding commissions from city taxes in compliance with city contracts and had not updated contracts with each of the cities. Commissions totaling \$519 were over withheld and personally retained by the County Collector. The County Collector improperly withheld and personally retained \$174 in commissions on railroad and utility taxes and payments in lieu of taxes collections pertaining to cities.
County Collector's Controls and Procedures	The County Collector did not take steps to oversee day to day operations of her office and did not timely perform her assigned duties. The County Collector's office did not always use the actual date of receipt when recording payments and did not account for the numerical sequence of transaction numbers. The County Collector did not have adequate procedures for receipting, recording, and depositing monies. Bank reconciliations for the main bank account were not complete and accurate. For the partial payment/bankruptcy bank account, the list of liabilities was not complete and accurate, and a running book balance was not maintained. The County Collector transferred incorrect amounts of money between the main bank account and the partial payment/bankruptcy bank account and these errors were not corrected. The County Collector did not always record payments on the partial payment log, agree the log to the manual receipt records, follow up on inactive partial payments, and record tax payments timely once full payment of taxes had been received. The County Collector did not have adequate procedures in place to ensure non-sufficient funds (NSF) checks are collected or to make adjustments to the distribution of tax collections, and NSF checks were not reversed in the property tax system to reflect amounts still owed by taxpayers. Some daily abstracts, deposit information, and bank statements could not be located.

## Property Tax System Controls and Procedures

The County Collector's annual settlements were not filed or not filed timely and were not accurate. Neither the County Clerk nor the County Commission adequately reviewed the financial activities of the County Collector. The County Clerk did not maintain an account book or other records summarizing property tax charges, transactions, and changes. In addition, the County Clerk and County Commission did not perform procedures to verify the accuracy and completeness of the County Collector's annual settlements. The County Clerk did not prepare the back (delinquent) tax aggregate abstracts timely. The 2015 delinquent real property tax books were not accurate and contained real delinquent property taxes for the 2002 through 2010 totaling \$59,853. The County Collector did not always apply tax payments to the oldest delinquent taxes first, in violation of state law. The County Commission did not review and approve additions to property assessments. The County Commission does not receive the manual forms prepared by the County Assessor's office, the orders of additions prepared by the County Clerk's office, or reports of actual additions made to the property tax system. A comparison of the individual abatements reviewed and approved by the County Clerk and County Commission to the actual changes made in the property tax system by the County Collector was not performed. An independent review of reversal transactions made in the property tax system was not performed.

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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