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CITIZENS SUMMARY

Findings in the audit of the Callaway County Collector and Property Tax System

Background	<p>On March 15, 2018, information was brought to the attention of the Prosecuting Attorney regarding suspicious activity in a bank account under the custody of the County Collector. The Prosecuting Attorney contacted the Sheriff, and they referred this matter to the Federal Bureau of Investigation (FBI). The Sheriff and the Presiding Commissioner then met with the County Collector, and Pamela Oestreich subsequently resigned on March 15, 2018, as County Collector, effective immediately.</p> <p>State law requires an audit be conducted after a vacancy occurs in the office of the County Collector. In addition, due to the circumstances of the vacancy, the County Commission passed a resolution on March 19, 2018, to request the State Auditor conduct an audit of the County Collector's office. We began an audit of the office on March 26, 2018.</p> <p>An investigation by the FBI is ongoing. The Prosecuting Attorney requested the appointment of a special prosecutor and the Missouri Attorney General accepted that appointment. The U.S. Attorney for the Western District of Missouri is handling the criminal prosecution of former County Collector Pamela Oestreich. The Sheriff, current County Collector, County Auditor, County Clerk, and County Commission continue to cooperate with state and federal investigators and prosecutors.</p>
Misappropriated Monies	<p>Between January 1, 2016, and March 15, 2018, monies totaling at least \$316,758 were misappropriated from the County Collector's office. Cash shortages totaling at least \$244,782 were identified as well as \$71,976 in improper disbursements the County Collector made to herself.</p>
Questionable Transactions	<p>The County Collector made questionable disbursements totaling \$8,414, and abated a protested tax bill for \$7,208 after the monies had been distributed.</p>
Property Tax System Controls and Procedures	<p>We noted significant weaknesses in controls and procedures over the county's property tax system. The County Collector's annual settlements for the years ended February 28, 2018, and 2017, were not complete and accurate. The County Clerk does not prepare the current tax books and does not verify the accuracy of the current tax books. The financial activities of the County Collector were not adequately reviewed by the County Clerk, the County Auditor, or the County Commission. The County Commission and the County Clerk do not adequately review changes (e.g., additions, abatements, and deletions) entered into the property tax system.</p>

County Collector's Controls and Procedures

Significant weaknesses existed in the County Collector's accounting controls and procedures. Accounting duties were not adequately segregated and independent reviews of accounting and bank records were not performed. The County Collector did not record property tax collections totaling \$217,936, in the property tax records. The County Collector made unsupported transfers totaling \$76,778 from the general account to the installment account between January 2018 and March 2018. The County Collector did not have adequate procedures for receipting, recording, reconciling, and depositing monies; and handling cash. Bank reconciliations prepared by the County Collector for the general account were not always complete and accurate and bank reconciliations for the installment account were not always complete, accurate or timely prepared. The lists of liabilities prepared by the County Collector for the general and installment accounts were not complete and accurate. The County Collector did not issue checks in numerical sequence for the installment account.

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.