



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

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

Background

In October 2018, a taxpayer notified the County Collector about concerns with his taxes after he attempted to sell a piece of real estate and was informed his real estate taxes were unpaid and delinquent. The taxpayer provided the County Collector with a paid tax receipt issued by her office. On November 2, 2018, the County Collector requested and received a report of deleted transactions from the property tax system vendor. When scanning the list, she indicated she identified deleted transactions that looked unusual or she could not recall making. On November 5, 2018, the County Collector brought her concerns to the County Commission, who notified the Prosecuting Attorney. At the request of the Sheriff, the Missouri State Highway Patrol (MSHP) opened an investigation and obtained reports of deleted transactions.

On November 26, 2018, the State Auditor's Office (SAO) received an anonymous citizen concern regarding the County Collector's office. The SAO contacted the MSHP regarding its ongoing investigation and conducted an initial review of information provided by the MSHP under Section 29.221, RSMo. Based on discussions with law enforcement, the SAO determined an audit was warranted. The MSHP investigation is ongoing. The Sheriff, County Collector, County Clerk, and County Commission continue to cooperate with MSHP investigators.

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. Two additional receipt transactions, totaling \$1,108, were deleted and the taxes are delinquent in the property tax system. Three deleted transactions totaling \$948 were for the former Deputy Collector's personal property taxes, including her 2016 taxes that were entered and deleted on two separate occasions.

County Collector's Controls and Procedures

The County Collector has not adequately segregated accounting duties and does not perform a supervisory review of detailed accounting and bank records. 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. The County Collector does not account for the numerical sequence of receipt slip numbers assigned by the property tax system or manual receipt slips issued for partial payments. The County Collector does not prepare monthly lists of liabilities for the office's two bank accounts and consequently, liabilities are not agreed to reconciled bank balances. The County Collector does not adequately monitor taxpayer balances in the partial payment account.

Electronic Data Security

Employees in the County Collector's office shared user identifications and passwords for the property tax system. The County Collector has not established adequate security controls to lock computers or the property tax system after a specified number of incorrect logon attempts. The County Collector does not store backup files at an off-site location. In addition, backup files are not periodically tested.

Review of Activity

Neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector.

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.