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Carter County Collector and Property Tax System



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CITIZENS SUMMARY

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

Property Tax System

The County Clerk and County Commission do not provide adequate monitoring over property tax system activities. The County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes. Additionally, the County Clerk does not prepare or verify the accuracy of the delinquent tax books for real and personal property. The County Commission did not review additions and abatements and did not sign summary sheets and court orders for property tax additions and abatements between October 2014 and May 2015. The County Collector's annual settlement for the year ended February 28, 2015, is not complete and accurate.

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

*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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Carter County Collector and Property Tax System

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NICOLE R. GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
County Collector
Carter County, Missouri

We have audited the County Collector and Property Tax System of Carter County. 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. On March 13, 2015, a vacancy occurred in the office of the County Collector of Carter County. A successor was appointed and sworn into office effective March 25, 2015. The scope of our audit included, but was not necessarily limited to, the period of March 1, 2015, to March 13, 2015, and the year ended February 28, 2015. The objectives of our audit were to:

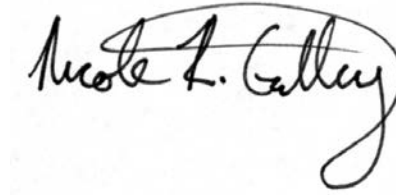
1. Evaluate the county's internal controls over significant property tax functions.
2. Evaluate the county's compliance with certain legal provisions.

Our methodology included reviewing policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, 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 tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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 or violation of 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 management and was not subjected to the procedures applied in our audit of the County Collector and Property Tax System.

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 owed to the county or the former County Collector. For the areas audited, we identified (1) deficiencies in internal controls, and (2) noncompliance with legal provisions. The accompanying Management Advisory Report presents our findings arising from our audit of the County Collector and Property Tax System of Carter County.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is fluid and cursive, with a large loop at the end of the last name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	John Luetkemeyer, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Kelly Davis, M.Acct., CPA, CFE
In-Charge Auditor:	Roberta Bledsoe

Carter County Collector and Property Tax System

Management Advisory Report

State Auditor's Findings

1. Property Tax System

The County Clerk and County Commission do not provide adequate monitoring over property tax system activities. The County Collector collected approximately \$2.9 million during the year ended February 28, 2015.

1.1 Review of property taxes

The County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes. While the former County Clerk maintained files of tax charges and additions and abatements, the former County Clerk did not use this information to create an account book. The current County Clerk was not aware of the requirement to maintain an account book until we inquired about it.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records that 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 taxes charged and credited to the County Collector are complete and accurate and could also be used by the County Clerk and the County Commission to verify the County Collector's annual settlement.

1.2 Delinquent tax books

The County Clerk does not prepare or verify the accuracy of the delinquent tax books for real and personal property. A review of the tax books should include verification of individual entries and recalculating tax book totals and charges. Failure to prepare and review the tax books and test individual tax statement computations may result in errors, irregularities, or misuse going undetected.

Section 140.050, RSMo, requires the County Clerk to extend the delinquent tax books and charge the County Collector with the amount of taxes to be collected.

1.3 Additions and abatements

The County Commission did not review some additions and abatements. The County Clerk compiles the addition and abatement court orders and the County Assessor's office prepares a summary sheet of all additions and abatements for the County Commission to review monthly. The County Commissioners documented their review by signing the summary sheet in 2014. Beginning in 2015, they began documenting their approval by signing the individual court orders. However, summary sheets and court orders were not signed for additions and abatements between October 2014 and May 2015. The County Clerk and Presiding Commissioner indicated turnover in the County Assessor and County Clerk's office may have contributed to delays in providing the summary sheets and court orders for the County Commission's review.



Carter County Collector and Property Tax System Management Advisory Report - State Auditor's Findings

Sections 137.260 and 137.270, RSMo, assigns responsibility to the County Clerk for making changes to the tax books with the approval of the County Commission. An independent review of approved additions and abatements to actual changes made to the property tax system would help ensure changes to the property tax system are proper.

1.4 Annual settlement

The County Collector's annual settlement for the year ended February 28, 2015, is not complete and accurate. Real property additions for 2014 and abatements for 2013 and prior years on the annual settlement did not agree to addition and abatement reports from the property tax system by \$3,952 and \$3,742, respectively. Also, calculation errors resulted in the total charges and credits indicating a difference of \$18,328, when the actual difference was \$611. The annual settlement also reported \$13,620 more in collections than total collections reported in monthly settlements and other collections reports.

The County Collector indicated the annual settlement is prepared using the property tax system. However, records are not printed from the property tax system to support the amounts listed on the annual settlement. Without these records the County Clerk and County Commission do not have the information available, and cannot adequately review the annual settlements prepared by the County Collector.

To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is important the County Collector file complete and accurate annual settlements.

Similar conditions previously reported

Similar conditions to sections 1.1, 1.2, and 1.3 were noted in our prior audit report of the Carter County Collector and Property Tax System.

Recommendations

- 1.1 The County Clerk maintain a complete and accurate account book with the County Collector.
- 1.2 The County Clerk prepare the delinquent tax books, or verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.
- 1.3 The County Clerk and County Commission review and approve additions and abatements.
- 1.4 The County Collector file complete and accurate annual settlements. In addition, the County Clerk and County Commission should review the accuracy and completeness of the County Collector's annual settlements.



Carter County Collector and Property Tax System
Management Advisory Report - State Auditor's Findings

Auditee's Response

The County Clerk and County Commission provided the following responses:

- 1.1 This change has already been implemented. The County Clerk is now aware of this requirement and has set up a spreadsheet to serve as an account book of the County Collector. The spreadsheet tracks the property tax charges, transactions, and changes.*
- 1.2 This requirement will be completed annually by the County Clerk.*
- 1.3 This error occurred due to changes in personnel in the County Assessor's and County Clerk's offices. This change has already been implemented. The County Clerk reviews and signs the individual court orders. The County Commissioners will review and approve additions and abatements at every meeting and this review and approval will be noted in the meeting minutes. Additionally, the Presiding Commissioner will sign the individual court orders to document approval.*
- 1.4 The County Clerk will ensure that all supporting documentation will be included with the annual settlement and that the numbers are verified. The County Clerk will provide this documentation to the County Commissioners for review and approval and this will be noted in the meeting minutes.*

The County Collector provided the following response:

- 1.4 In the future, I plan to work with our current program provider to print supporting documents to support the information reported on the annual settlement to ensure the future settlements are complete and accurate.*

Carter County Collector and Property Tax System

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).

Debbie Turley served as County Collector until March 13, 2015. Lisa Goodwin was appointed the Carter County Collector and sworn into office on March 25, 2015.

The County Collector received compensation of \$32,000 for the period of March 1, 2014, to February 28, 2015, and \$1,118 between March 1, 2015, and March 13, 2015. Compensation was in accordance with statutory provisions.