



**Nicole Galloway, CPA**

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**Missouri State Auditor**

**Wayne County**

Report No. 2021-109

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[auditor.mo.gov](http://auditor.mo.gov)



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Wayne County

County Collector's Controls and Procedures	The County Collector has not prepared and filed an annual settlement for the years ended February 29, 2020, and February 28, 2021, in violation of state law. The County Collector has not adequately segregated accounting duties, does not prepare adequate or timely bank reconciliations, does not prepare lists of liabilities for the office's 3 primary bank accounts, does not timely or consistently transfer payments from the credit/debit card and installment accounts to the general operating account, and has not established proper controls and procedures for making refunds. In addition, collections received by the County Collector are not always disbursed timely and the distribution amounts did not always agree with the calculations on the collection reports.
Property Tax System Controls and Procedures	The County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes. The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books.
Sheriff's Controls and Procedures	The Sheriff has not adequately segregated accounting duties and does not perform an adequate supervisory review of detailed accounting and bank records. Office personnel do not prepare a monthly list of liabilities for the Sheriff's fee account or the commissary account. The Sheriff has not established adequate controls and procedures over commissary items sold to inmates. The Sheriff did not transmit \$18,100 in fees and other receipts collected to the County Treasurer during the year ended December 31, 2020. The Sheriff was retaining the money to directly pay for his office's expenses.
Prosecuting Attorney's Controls and Procedures	The Prosecuting Attorney has not adequately segregated accounting duties and does not perform a documented supervisory review of detailed accounting records and transmittals and has not established proper procedures for receipting, recording, and transmitting payments received.
Electronic Data Security	The County Assessor, County Collector, and Prosecuting Attorney have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees in the County Collector's office also share user identifications and passwords for the property tax system.
Electronic Communication Policies	The county has not developed records management and retention policies in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.

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**Additional Comments**

Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

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

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\*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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## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

County Commission  
and  
Officeholders of Wayne County

We have audited certain operations of Wayne County in fulfillment of our duties under Section 29.230, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2020. The objectives of our audit were to:

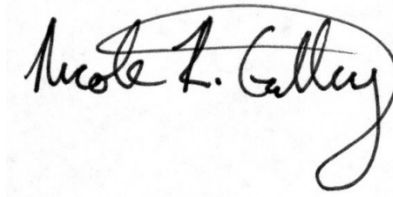
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and performed sample testing using haphazard and judgmental selection, as appropriate. The results of our sample testing cannot be projected to the entire populations from which the test items were selected. We obtained an understanding of internal control that is significant to the audit objectives and planned and performed procedures to assess internal control to the extent necessary to address our audit objectives. 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, and violations of applicable contract, grant agreement, or 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's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Wayne County.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the word "Galloway".

Nicole R. Galloway, CPA  
State Auditor

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# Wayne County Management Advisory Report State Auditor's Findings

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## **1. County Collector's Controls and Procedures**

Controls and procedures in the County Collector's office need improvement. The office collected approximately \$6.7 million in property taxes and other miscellaneous receipts during the year ended February 28, 2021.

### 1.1 Annual settlements

The County Collector has not prepared and filed an annual settlement for the years ended February 29, 2020, and February 28, 2021, in violation of state law. The County Collector could not adequately explain why she had not prepared the settlements. Because the County Collector does not file annual settlements, the County Commission cannot verify the County Collector's accounts.

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, the County Collector must file annual settlements. Section 139.160, RSMo, requires the County Collector to annually settle with the County Commission the accounts of all money received from taxes and other sources. In addition, Section 139.190, RSMo, requires the County Commission to carefully and fully examine the annual settlement of the County Collector and the County Clerk to certify the amounts to the state. Such procedures are intended to establish checks and balances related to the collection of property taxes.

### 1.2 Segregation of duties

The County Collector has not adequately segregated accounting duties. All employees receive and record payments in the property tax system. The Deputy Collector also reconciles the composition of receipts to the composition recorded on the end of day drawer reports and prepares the deposit. The County Collector does not perform a review of detailed accounting and bank records.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, disbursing payments received; and reconciling bank accounts. If proper segregation cannot be achieved, documented independent or supervisory reviews of detailed accounting and bank records are essential that would include comparing daily receipt activity to deposits and disbursements to supporting documentation.

### 1.3 Bank reconciliations

The County Collector does not prepare adequate or timely bank reconciliations. In addition, the County Collector does not maintain accurate book balances for all bank accounts.

The County Collector maintains 3 primary bank accounts for tax collections. A Cash/Check bank account, which serves as a general operating account, a Credit/Debit bank account for credit/debit card payments, and an Installment



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bank account for partial payments of taxes. Credit/debit card payments are transferred monthly from the Credit/Debit bank account to the general operating account. Installment payments are transferred to the general operating account when a taxpayer's payments are sufficient to cover his/her taxes. All disbursements are issued from the general operating account.

We reviewed the bank reconciliations for the office's 3 primary bank accounts for the year ended February 28, 2021, and identified the following concerns:

- The County Collector did not reconcile the general operating bank account timely. Reconciliations were prepared between 24 and 126 days after the bank statement date for 7 of the 12 months and did not always include sufficient detail to identify individual bank reconciliation transactions.

Due to adjustments made by the County Collector, the beginning balances in June, August, and September of 2020 were different (less) than the ending balances from the respective preceding months. In addition, we noted 7 outstanding deposits at February 28, 2021, totaling \$60,000, that had not cleared the bank as of May 31, 2021. These transactions were duplicate entries of deposits that cleared in previous months.

- The County Collector did not reconcile the Credit/Debit bank account timely. Reconciliations were prepared between 19 and 128 days after the bank statement date for 7 of the 12 months and did not include sufficient detail to identify individual bank reconciliation transactions. In addition, the County Collector does not maintain an accurate running book balance. Transactions are recorded from the bank statements and are not reconciled to receipts in the property tax system.
- The County Collector did not reconcile the Installment bank account timely. Reconciliations were prepared between 25 and 176 days after the bank statement date for 11 of the 12 months and did not include sufficient detail to identify individual bank reconciliation transactions. In addition, the County Collector does not maintain an accurate running book balance. Transactions are recorded from the bank statements and are not reconciled to receipts recorded in accounting records.

Maintaining a running book balance and performing adequate and timely monthly bank reconciliations helps ensure receipts and disbursements have been properly handled and recorded, and increases the likelihood errors will be identified and corrected timely.

## 1.4 Liabilities

The County Collector does not prepare lists of liabilities for the office's 3 primary bank accounts. The County Collector also has 2 banks accounts received from the former County Collector holding unidentified funds





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(approximately \$3,400), and consequently, liabilities are not agreed to reconciled bank balances.

We reviewed the February 2021 bank reconciliations and accounts for the 5 bank accounts and identified the following concerns:

- For the general operating account, as of February 28, 2021, the County Collector's records indicate the reconciled book balance was \$71,100. Liabilities identified by audit staff totaled \$216,100, which included undistributed real and personal property taxes, surtax collections, and bank interest, resulting in liabilities exceeding the available cash balance by \$145,000. As noted in section 1.5, the County Collector failed to transfer credit/debit card and installment collections totaling \$112,800 to the operating account, which would have increased the available cash balance to \$183,600, leaving a deficit balance of \$32,500.
- For the Credit/Debit account, the County Collector's records indicate the reconciled book balance was \$143,081, and the liabilities identified by audit staff totaled \$149,465, resulting in a shortage in the account of \$6,384. As previously noted, the County Collector did not reconcile the credit/debit payments receipted in the accounting system to the credit/debit payments deposited to the bank account. As a result, there is less assurance all credit/debit card payments have been received from the credit/debit card companies.
- For the installment account, the County Collector's records indicate the reconciled book balance was \$15,070, and the liabilities identified by audit staff totaled \$13,818, resulting in an unidentified balance of \$1,252.
- The County Collector cannot determine how to disburse the funds in the 2 accounts received from the former County Collector.

Preparing monthly lists of liabilities and reconciling them to the available cash balances is an important control to ensure sufficient cash is available for the payment of amounts due and all money in the bank accounts can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure money are properly disbursed. Various statutory provisions provide for the disposition of unidentified money.

## 1.5 Transfers

The County Collector does not timely or consistently transfer payments from the credit/debit card and installment accounts to the general operating account. In addition, adequate documentation to support all amounts transferred is not maintained. We identified the following concerns:

- The County Collector did not transfer approximately \$102,000 of January 2021 credit/debit card collections into the general operating bank account



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until March 2021. Similarly, approximately \$10,800 of January 2021 installment collections were not transferred into the general operating bank account until May 2021. As a result, the general operating bank account's liabilities exceeded the available cash balance for the 4 months ended April 30, 2021.

- The County Collector receives electronic installment payments in the installment account and then electronically transfers these amounts to the general operating account when the balance due is paid. In order to make daily deposits into the general operating account agree to daily transaction reports, the County Collector issues checks from the general operating account and then deposits the checks back in the general operating account. The County Collector did not maintain sufficient documentation to show 9 checks totaling approximately \$14,000 were deposited into the general operating account. Due to the lack of documentation, it is unclear if these checks were accounted for properly.

Timely transfers from supporting accounts to the general operating account will help ensure payments received are properly accounted for and reduce the risk of loss, theft, or misuse going undetected. In addition, maintaining adequate documentation to support transfers is important to ensure disbursements are appropriate.

### 1.6 Refunds

The County Collector has not established proper controls and procedures for refunding money. Overpayments made by check are refunded by money order and no documentation is maintained to support these refunds. Our review of disbursements during the year ended February 28, 2021, identified 7 payments (totaling approximately \$4,000) recorded as refunds for overpayments of property taxes. Collector's office personnel could not provide documentation supporting these overpayments occurred or that taxpayers received these payments.

Failure to implement adequate refunding procedures increases the risk that loss, theft, or misuse of money received will occur and go undetected.

### 1.7 Distributions

Collections received by the County Collector are not always disbursed timely and the distribution amounts did not always agree with the calculations on the collection reports. For example, monthly collections from July 2020, December 2020, and January 2021 were each distributed approximately 25 days after the end of the month. Collections for these months totaled approximately \$5.2 million or approximately 78 percent of total collections for the year ended February 28, 2021. In addition, 17 of the 168 disbursements made by the County Collector for the year ended February 28, 2021, did not agree to the collection reports used to calculate distributions to entities. The County Collector could not adequately explain why these errors occurred. The County Collector made corrections to subsequent month's disbursements.



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Section 139.210, RSMo, requires all collections to be distributed to the political subdivisions by the fifteenth day of the following month. In addition, timely and proper distribution of property tax collections to the political subdivisions is important because the political subdivisions rely on property tax revenues to fund operations. Also, Section 50.380, RSMo, provides that the County Collector may be subject to penalties for failure to make disbursements to political subdivisions in accordance with the deadlines set by statute.

## Recommendations

The County Collector:

- 1.1 Prepare and file annual settlements in accordance with state law.
- 1.2 Segregate accounting duties or ensure adequate independent or supervisory reviews of detailed accounting and bank records are performed and documented.
- 1.3 Ensure adequate monthly bank reconciliations are prepared timely and reconciled to the book balance, and maintain cumulative book balances for all bank accounts. Any differences between accounting records and reconciliations should be promptly investigated and resolved.
- 1.4 Prepare monthly lists of liabilities and reconcile the lists to the available cash balance. Any differences should be promptly investigated and resolved. Any unidentified money should be disposed of in accordance with state law.
- 1.5 Ensure all transfers are made timely and are adequately documented.
- 1.6 Issue all refunds by check and maintain documentation supporting all refunds made.
- 1.7 Ensure collections are distributed timely in accordance with state law and the disbursements are accurate.

## Auditee's Response

- 1.1 *There are no instructions for the annual settlement form and the prior County Collector removed all previous records, which would have provided an example to follow. I have consulted with another County Collector's office to obtain training in the preparation of this form and plan to file the year ended February 29, 2020, and the year ended February 28, 2021, annual settlements soon, and file annual settlements timely in the future.*



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- 1.2 *A daily reconciliation worksheet has been developed to reconcile accounting and bank records. This worksheet is now completed by personnel and reviewed by the County Collector on a daily basis.*
- 1.3 *Bank statements ending dates now coincide with the end of each month and reconciliation procedures have been updated to ensure bank reconciliations are prepared timely and reconciled to the book balance, and cumulative book balances are maintained for all accounts. Differences between accounting records and reconciliations will be promptly investigated and resolved.*
- 1.4 *Monthly lists of liabilities will be prepared and reconciled to the available cash balance. Any differences will be promptly investigated and resolved. We have transferred unidentified balances to the County Treasurer for disposition in accordance with state law.*
- 1.5 *Procedures for transfers between bank accounts have been updated to ensure all transfers are made timely and are adequately documented.*
- 1.6 *Procedures for refunding overpayments have been updated to issue all refunds by check and maintain documentation supporting all refunds made.*
- 1.7 *Distribution reports have been updated to ensure collections are distributed timely in accordance with state law and the disbursements are accurate.*

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## **2. Property Tax System Controls and Procedures**

Controls and procedures over the property tax system need improvement.

### **2.1 Account book**

The County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes. As a result, there is an increased risk of loss, theft, or misuse of property tax money going undetected.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with money payable into the county treasury. By maintaining 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, the County Clerk can help ensure taxes charged and credited to the County Collector are complete and accurate.



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A similar condition was noted in our 2 prior audit reports. In addition, Report No. 2017-017, *Follow-Up Report on Audit Findings - Wayne County*, issued in March 2017, reported the status, at that time, as in progress.

## 2.2 Tax books

The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books. The county's property tax system programmer prepares the real estate and personal property tax books using assessed valuations entered by the County Assessor and tax levies entered by the County Clerk. In addition, the county's property tax system programmer prepares the delinquent tax books by combining the uncollected taxes from the current tax year and uncollected taxes from all prior years. Key components when reviewing the current and delinquent tax books include verification of individual entries in the current tax books and recalculating tax book totals and charges. Failure to properly prepare and/or review the tax books and test individual tax statement computations may result in errors or irregularities going undetected.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and delinquent tax books and charge the County Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, verification of the accuracy of the tax books is necessary as well as maintaining documentation showing approval of the tax book amounts charged to the County Collector.

## Recommendations

The County Clerk:

- 2.1 Maintain an account book with the County Collector.
- 2.2 Prepare the current and delinquent tax books, or at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts to be collected. Procedures performed should be documented.

## Auditee's Response

- 2.1 *Since the audit, we have taken action to implement procedures to maintain an account book that we now reconcile with the County Collector's office on a monthly basis.*
- 2.2 *Action will be taken to implement a process to verify the accuracy of the tax books and maintain documentation.*

## 3. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The Sheriff operates a jail and provides an in-house commissary for inmates to purchase various snacks and personal items, in addition to handling payments for bonds, civil paper service, drug screening, donations, concealed carry weapon (CCW) permits and other miscellaneous receipts. The office collected approximately \$331,000 during the year ended December 31, 2020.



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### 3.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and does not perform an adequate supervisory review of detailed accounting and bank records. The Office Administrator is responsible for receipting payments, making deposits and disbursements, and reconciling the bank accounts. The Sheriff does not review accounting records to ensure payments received have been properly recorded, deposited, and disbursed to the appropriate parties.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, disbursing payments received; and reconciling bank accounts. If proper segregation cannot be achieved, documented independent or supervisory reviews of detailed accounting and bank records are essential that would include comparing daily receipt activity to deposits and disbursements to supporting documentation.

### 3.2 Liabilities

Sheriff's office personnel do not prepare a monthly list of liabilities for the Sheriff's fee account or the commissary account. Consequently, liabilities are not agreed to the reconciled bank balances.

Liabilities for the fee account were \$9,345 at December 31, 2020. The reconciled bank balance was \$19,932, leaving an unidentified balance of \$10,587. Liabilities of inmate account balances for the commissary account were \$3,328 at December 31, 2020. The reconciled bank balance was \$22,491, leaving a balance of \$19,163 likely consisting of undistributed commissary net proceeds.

Regular identification and comparison of liabilities to the available cash balance is necessary to ensure accounting records are in balance, all amounts received are disbursed, and money is available to satisfy all liabilities. Prompt follow up on discrepancies is necessary to resolve errors and ensure money is properly disbursed. Various statutory provisions provide for the disposition of unidentified money.

### 3.3 Commissary inventory

The Sheriff has not established adequate controls and procedures over commissary items sold to inmates. Periodic physical inventory counts are not conducted, and commissary sales are not reconciled to the commissary inventory records.

Loss, theft, or misuse of the commissary items may go undetected without adequate inventory records and procedures. Detailed inventory records that include tracking sales are necessary to adequately account for commissary items. A comparison of a periodic physical inventory to sales and items on hand is necessary to ensure commissary items and related payments collected are properly recorded and handled.



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### 3.4 Fee bank account

The Sheriff did not transmit \$18,100 in fees and other receipts collected to the County Treasurer during the year ended December 31, 2020, because the Sheriff used the money to directly pay for expenses of the Sheriff's office. State reimbursements totaling \$9,200 were disbursed from the fee account to individuals who assisted deputies with the transport of female prisoners. In addition, \$6,600 of restricted donations, commissions totaling \$1,600 and other fees totaling \$700 were collected and retained in the fee account. The Sheriff indicated he handled the money in this manner to help ensure it was disbursed appropriately. As discussed in section 3.2, the Sheriff's fee bank account had an unidentified balance of \$10,587 at December 31, 2020. In addition, the Sheriff used this account to purchase items including veterinary expenses for the police dog, marketing material, postage, and equipment. While these expenses appear reasonable, expending money outside of the county's normal budgeting and disbursement process increases the risk of misuse or unnecessary purchases.

Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such money monthly to the County Treasurer.

### Similar conditions previously reported

Similar conditions to sections 3.2 and 3.4 were noted in our 2 prior audit reports.

### Recommendations

The Sheriff:

- 3.1 Segregate accounting duties or ensure adequate independent or supervisory reviews of detailed accounting and bank records are performed and documented.
- 3.2 Prepare monthly lists of liabilities and reconcile the list to the available cash balances. Any differences between accounting records and reconciliations should be promptly investigated and resolved. Any unidentified money should be disposed of in accordance with state law.
- 3.3 Periodically reconcile commissary records to inventories purchased and sold.
- 3.4 Disburse the remaining balance of fees and other receipts to the County Treasurer. In addition, discontinue making purchases from the fee account and make all purchases through the normal county process.

### Auditee's Response

- 3.1 *We have already implemented this recommendation. Daily deposits are now reviewed by 2 people to ensure deposits are correct and*



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*deposits (cash and checks) are compared for accuracy. Bank records are received monthly and documented by signature by the Sheriff. A control sheet is reviewed by either the Sheriff or other office staff for accuracy of disbursements.*

3.2 *We are already working on implementation of this recommendation. The monthly control sheets list the liabilities for the month. These totals will be matched to the end of the month bank balance to ensure all money is turned over to the County Treasurer. The commissary account is compared to the Inmate Bank Balance Report. This balance is the amount of inmate funds we are holding. We will turn all money in excess over to the Inmate Security Fund on a monthly basis if necessary.*

3.3 *We are working on implementation of physical inventory of all commissary items. Commissary items are in a secure location with some controls in place such as 2 or 3 people filling commissary orders and double checking all orders. Commissary order phone cards are inventory controlled by assigned numbers and logged with the inmate name who received them. The totals are counted at the end of each commissary and cross referenced to ensure all cards were purchased.*

*Going forward we are working to change our commissary sheets to total items sold so we can easily inventory remaining stock to ensure nothing is missing. We hope to do this on a weekly basis and have hired an extra person to help with our commissary tracking. Commissary purchases are recorded in the commissary system by all the office staff. A transaction history is ran after commissary purchases are entered and checked by someone other than who entered the purchases to ensure all sales were correctly entered on the inmates account.*

3.4 *This recommendation is partially implemented. Of the \$10,587 unidentified balance, \$7,000 was turned over to the County Treasurer on June 29, 2021, and placed in the account of donations. The balance of \$3,587 is still being researched and at this time we are fairly certain that the amount will be turned over to the County Treasurer to be placed into the General Revenue Fund as an income on our budget.*

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## **4. Prosecuting Attorney's Controls and Procedures**

Controls and procedures in the Prosecuting Attorney's office need improvement. The office collected approximately \$80,000 in bad check and court-ordered restitution and fees during the year ended December 31, 2020.





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#### 4.1 Segregation of duties

The Prosecuting Attorney has not adequately segregated accounting duties and does not perform a documented supervisory review of detailed accounting records and transmittals. The secretary is responsible for receipting, recording, and transmitting payments received. The Prosecuting Attorney does not perform documented reviews of accounting records to ensure payments received have been properly recorded and transmitted to the appropriate parties.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, and transmitting payments received. If proper segregation cannot be achieved, documented independent or supervisory reviews of detailed accounting records and transmittals that include comparing daily receipt activity to transmittals are essential.

#### 4.2 Receipting, recording, and transmitting

The Prosecuting Attorney has not established proper procedures for receipting, recording, and transmitting payments received.

- The secretary does not always issue receipt slips for payments received immediately upon receipt. During our cash count on May 27, 2021, we identified 2 money orders totaling \$200 that were not receipted. In addition, money orders are not restrictively endorsed upon receipt. They are endorsed when the transmittals are prepared.
- The secretary does not transmit administrative handling and Missouri Office of Prosecution Services (MOPS) fees timely to the County Treasurer. We haphazardly selected receipts received in September through October 2020 (7 receipts) to test during the year ended December 31, 2020. Of the 7 receipts tested, 2 receipts dated October 19, 2020, and November 24, 2020, were not transmitted until December 31, 2020. In addition, the September 2020 transmittal included 3 receipts totaling \$120 collected in June 2020. Office personnel indicated the delay was due to the limited amount of money collected.

Failure to implement adequate receipting, recording, and transmitting procedures increases the risk that loss, theft, or misuse of money received will occur and go undetected. Section 50.370, RSMo, requires all county officials who receive fees or any other remuneration for official services to pay such money monthly to the County Treasurer.

A similar condition was noted in our 2 prior audit reports. In addition, report No. 2017-017, *Follow-Up Report on Audit Findings - Wayne County*, issued in March 2017, reported the status, at that time, as not implemented.



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## Recommendations

The Prosecuting Attorney:

- 4.1 Segregate accounting duties or ensure adequate independent or supervisory reviews of detailed accounting records and transmittals are performed and documented.
- 4.2 Issue receipt slips when received, transmit all receipts at least monthly, and restrictively endorse money orders at the time of receipt.

## Auditee's Response

*As of June 2021, the Prosecuting Attorney's office has been issuing computer generated receipts of all payments. All money orders made out to the Prosecuting Attorney's office are endorsed upon receipt as well. Cross-training is being implemented so all office personnel are familiar with transmitting administrative handling fees and MOPS fees.*

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## 5. Electronic Data Security

Controls over county computers are not sufficient. As a result, county records are not adequately protected and are susceptible to unauthorized access or loss of data.

The County Assessor, County Collector, and Prosecuting Attorney have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees in these offices are not required to change passwords periodically. Employees in the County Collector's office also share user identifications and passwords for the property tax system. As a result, there is no assurance that the user listed in the system for posting or deleting a transaction was the person who actually posted or deleted the transaction.

Unique user identifications and passwords are necessary to identify activity performed by each individual. The security of a password system is dependent upon keeping them confidential. Since passwords in certain offices are not required to be periodically changed, there is less assurance they are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Also, allowing certain users to share accounts and passwords, individual accountability for system activity could be lost and unauthorized system access could occur. Without strong user account and password controls, including maintaining the confidentiality of passwords, the likelihood that accounts could be compromised and used by unauthorized individuals to gain access to sensitive information is increased.

## Recommendation

The County Commission work with other county officials to require each employee to have a unique user identification and confidential password that is periodically changed.



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## Auditee's Response

*The County Commission provided the following response:*

*Action has been taken to require ALL employees to have distinct/individual passwords to access their computer, and to change their passwords periodically.*

*The Prosecuting Attorney provided the following response:*

*Beginning August 19, 2021, passwords are being required to be updated every 90 days.*

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## 6. Electronic Communication Policies

The county has not developed records management and retention policies in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms.

Section 109.270, RSMo, provides that all records made or received by an official in the course of his/her public duties are public property and are not to be disposed of except as provided by law. Section 109.255, RSMo, provides that the Local Records Board issue directives for the destruction of records. The guidelines for managing electronic communications records can be found on the Secretary of State's website.<sup>1</sup>

Development of written policies to address the use of electronic communications is necessary to ensure all documentation of official business of the county is retained as required by state law.

## Recommendation

The County Commission work with other county officials to develop written records management and retention policies to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

## Auditee's Response

*All offices are now required to ensure all electronic data pertaining to duties within the county are properly maintained and accounted for. This includes all work-related correspondence to include any social media, cell phone (texts), personal email or any other electronic correspondence. To comply with potential Sunshine Law requests, a copy must be maintained by each individual office.*

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<sup>1</sup> Missouri Secretary of State Records Services Division, *Electronic Communications Records Guidelines for Missouri Government*, May 14, 2019, is available at <<https://www.sos.mo.gov/CMSImages/LocalRecords/CommunicationsGuidelines.pdf>>, accessed August 4, 2021.

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# Wayne County

## Organization and Statistical Information

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Wayne County is a county-organized, third-class county. The county seat is Greenville.

Wayne County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. In addition to elected officials, the county employed 48 full-time employees and 17 part-time employees on December 31, 2020.

In addition, county operations include the Law Enforcement Restitution Fund Board and the Senate Bill 40 Board.

### Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2021	2020
Brian M. Polk, Presiding Commissioner	\$	28,400
Bill Hovis, Associate Commissioner		26,400
Chad Henson, Associate Commissioner		26,400
Cindy Stout, Recorder of Deeds		40,000
Kenton E. Sisco, County Clerk		40,000
Michael J. Anderson, Prosecuting Attorney		47,000
Dean Finch, Sheriff		44,000
Amber Sturgeon, County Treasurer		40,000
Gary Umfleet, County Coroner		12,000
Donna Eads, Public Administrator		40,000
Rhonda Cates, County Collector, year ended February 28,	40,000	
Francis K. Huitt, County Assessor, year ended August 31,		40,000

### Other Information

On April 3, 2018, Wayne County voters approved an extension of a countywide sales tax of one-half of one percent for 6 years, to expire on September 30, 2024, and a continuation of a 100 percent reduction of the general revenue property tax.