



Office of Missouri State Auditor
Nicole Galloway, CPA

Lawrence County



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Lawrence County

County Procurement Process	The County Commission did not retain sufficient documentation to support awarding the bid for pretrial electronic monitoring services. As a result, it is unclear why the County Commission awarded the bid to the vendor selected. The County Commission also did not adequately document discussions and decisions concerning a potential conflict of interest.
County Collector's Controls and Procedures	The County Collector's annual settlement for the year ended February 29, 2016 was not accurate. The County Collector withholds a one-half percent commission for the Assessment Fund that is limited to \$75,000, but does not monitor amounts withheld or limit the amount deducted from tax collections. The County Collector does not prepare a monthly list of liabilities for the property tax collection bank account. The County Collector does not issue receipt slips for partial payments received from taxpayers who are unable to pay their tax bills in full. In addition, the County Collector does not compare the partial payment ledger maintained to the reconciled bank balance for the partial payment account monthly. The County Collector does not issue receipt slips for payments received for duplicate tax receipts, and those monies are held in a petty cash fund. Office personnel do not always record the method of payment accurately in the property tax system, and the composition of receipts recorded in the property tax system is not reconciled to the composition of deposits. The County Collector does not have adequate procedures for non-sufficient funds checks.
Sheriff's Controls and Procedures	Official prenumbered receipt slips are not issued by the Sheriff's office. Manual receipt slips issued at the jail are not always issued in numerical sequence, and manual receipt slips were not issued for 2 cash bonds received. In addition, the numerical sequence of manual receipt slips issued at the jail is not accounted for properly and reconciled with the monies transmitted to and recorded in the Sheriff's office. Bond forms are not prenumbered, and a reconciliation between bond forms and the manual receipts slips issued by the jail is not performed. The Sheriff's office procedures for the refunding of inmate monies with debit cards are not adequate. A physical inventory of seized property has not been performed, and some seized property has been held for years with some items dating back to 1979.
Prosecuting Attorney's Receipting and Transmitting	The Bad Check Clerk does not account for the numerical sequence of receipt slips, and documentation (victim letters or victim case cards) is not always maintained to support the transmittal of bad check and court-ordered restitution payments to victims.
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.
Payroll Controls and Procedures	County officials have not always followed established employee policies. Full-time employees are paid in advance for their services, and there is no comparison of actual time worked to time previously reported.

Recorder of Deeds' Segregation of Duties	The Recorder of Deeds has not adequately segregated accounting duties or ensured independent reviews of detailed accounting and bank records are performed.
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 **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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NICOLE GALLOWAY, CPA

Missouri State Auditor

To the County Commission
and
Officeholders of Lawrence County

We have audited certain operations of Lawrence County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Lawrence County for the year ended December 31, 2015. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2015. The objectives of our audit were to:

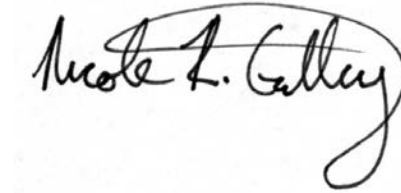
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 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 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 Lawrence 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:

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Lawrence County Management Advisory Report State Auditor's Findings

1. County Procurement Process

The County Commission did not retain sufficient documentation to support awarding the bid for pretrial electronic monitoring services. As a result, it is unclear why the County Commission awarded the bid to the vendor selected. The County Commission also did not adequately document discussions and decisions concerning a potential conflict of interest.

On June 1, 2016, the county advertised the solicitation of bids for pretrial electronic monitoring services for defendants of the court. The County Commission received 2 sealed bids on June 15, 2016, and awarded the contract to a vendor (vendor #1) on July 13, 2016. The County Commission signed a contract with vendor #1 on July 27, 2016. On August 17, 2016, the other bidder (vendor #2) met with the County Commission to discuss and contest the County Commission's bid award. On August 31, 2016, the County Commission approved re-bidding the services and verbally agreed with vendor #1 to terminate the contract. On September 7, 2016, the County Commission and vendor #1 approved an amended contract, which provided for the termination of the contract, and the County Commission re-advertised the solicitation of bids. The County Commission received bids from the original bidders on September 14, 2016. On September 28, 2016, the County Commission awarded the re-bid contract to vendor #1.

We reviewed the county's bid process and related supporting documentation and noted the following:

- The County Commission did not award the original contract or the re-bid contract to the lowest bidder, and no documentation was retained to support the reason the lowest bid was not accepted from the initial bid submissions and the reason documented to support why the lowest bid was not accepted on the re-bid contract was not clear.

Vendor #1's original bid proposal included a \$50 installation fee for each monitoring system, \$9 per day for Global Positioning System (GPS) monitoring, and \$8 per day for alcohol monitoring through remote breathalyzers. Vendor #2's original bid proposal included no installation fees, \$9 per day for GPS monitoring, and \$7.50 per day for alcohol monitoring through remote breathalyzers. Vendor #2's original bid proposal also included the option of continuous alcohol monitoring through an ankle bracelet for \$10 per day instead of using remote breathalyzers.

Vendor #1's re-bid proposal did not include the \$50 installation fee for each monitoring system. Vendor #2's re-bid proposal changed to \$8 per day for GPS monitoring, and \$7 per day for alcohol monitoring through remote breathalyzers.



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The bid specifications required voice communication capabilities, which according to the County Commission was the reason vendor #1 was selected during the re-bidding process. However, meeting minutes only indicated vendor #1 was selected because "they were the only bidder that met all the specifications that were advertised."

- Handwritten notes were included with Vendor #1's original bid proposal. One note (which was not dated) indicated the \$50 installation fee for each monitoring system would be "charged on individual, but not on contract." The second note, dated July 13, 2016, indicated the installation fee would be "waived if county contract instead of individually." It is not clear what these notes represent, and no discussion of any changes in this fee was documented in the July 13, 2016, meeting minutes.
- The articles of incorporation for vendor #1 were not filed with the Secretary of State's office until July 23, 2016, 10 days after the county awarded the contract to the vendor and 38 days after the vendor submitted its bid to the county. Vendor #1's bid proposal did not indicate it had any previous experience providing these services and provided no references. Additionally, one of the owners for vendor #1 was terminated from previous county employment due to a misdemeanor criminal conviction.
- The articles of incorporation for vendor #2 were filed with the Secretary of State's office in March 2013. Vendor #2's bid proposal indicated its monitoring services were utilized by various surrounding counties, including Laclede, Douglas, Wright, Ozark, and Greene; and also indicated it was an Office of State Courts Administrator contracted vendor. Vendor #2's bid proposal also provided 12 references.
- The owners of Vendor #1 also own a bail bonds company in Lawrence County and those services offered could interfere or conflict with providing electronic monitoring services to clients. The address of the bail bond company and the address of the electronic monitoring service company are the same.

While the County Clerk indicated the county used multiple factors to evaluate the bids including experience, addressing the bid specifications, and cost; no documentation was retained to support the comparison of bids for these factors.

Competitive bidding helps ensure the county receives fair value by contracting with the lowest and best bidders. Documentation of the various proposals received, the County Commission's selection process, and criteria should be retained to demonstrate compliance with applicable laws and



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support decisions made. In addition, discussions and decisions concerning transactions where a potential conflict of interest exists should be clearly documented.

Recommendation

The County Commission ensure adequate documentation is prepared to support the evaluation process of vendor proposals, and potential conflicts of interest should be documented.

Auditee's Response

We will be more specific and document decisions made to support the evaluation process and potential conflicts in the future.

2. County Collector's Controls and Procedures

Controls and procedures in the County Collector's office need improvement. Property taxes and other monies collected by the County Collector totaled approximately \$22 million during the year ended February 29, 2016.

2.1 Annual settlements

The County Collector's annual settlement for the year ended February 29, 2016, was not accurate. The County Collector did not include approximately \$76,000 of railroad and utility taxes charged, collected, and distributed on the annual settlement.

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.

2.2 Assessment withholdings

The County Collector withholds a one-half percent commission for the Assessment Fund that is limited to \$75,000, but does not monitor amounts withheld or limit the amount deducted from tax collections to \$75,000. As a result, approximately \$32,000 more was withheld from tax collections and disbursed to the Assessment Fund than allowed by state law during the year ended February 29, 2016. Similar concerns occurred in previous years.

Section 137.720.1, RSMo, requires a one percent commission on ad valorem property tax collections allocable to each taxing authority be deducted from the collections of taxes each year and deposited into the assessment fund of the county. Section 137.720.3, RSMo, requires an additional one-half percent commission, but limits the amount deducted to \$75,000. Adequate monitoring and proper calculation of Assessment Fund withholdings is necessary to ensure compliance with statutory provisions.

2.3 Liabilities

The County Collector does not prepare a monthly list of liabilities for the property tax collection bank account. As a result, liabilities are not agreed to the reconciled bank balance monthly. At our request, the County Collector prepared a list of liabilities as of February 29, 2016. The list totaled



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\$495,766, while the reconciled bank balance was \$526,887, resulting in an overage of \$31,121.

A list of liabilities should be prepared monthly and reconciled to available cash balances to ensure sufficient cash is available for the payment of all amounts due and all monies in the bank account can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed.

2.4 Partial payments

The County Collector does not issue receipt slips for partial payments received from taxpayers who are unable to pay their tax bills in full. In addition, the County Collector does not compare the partial payment ledger maintained to the reconciled bank balance for the partial payment account monthly. As of February 29, 2016, the partial payment ledger totaled \$1,444, while the reconciled bank balance was \$2,276, resulting in an overage of \$832.

To ensure monies received for partial payments are properly recorded and deposited and to reduce the risk of loss, theft, or misuse of funds, the County Collector should issue receipt slips for all partial payments received and reconcile the partial payment ledger to the reconciled bank balance. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed.

2.5 Receipting and recording Procedures for receipting and recording need improvement.

- The County Collector does not issue receipt slips for payments received for duplicate tax receipts, and those monies are held in a petty cash fund.
- Office personnel do not always record the method of payment accurately in the property tax system, and the composition of receipts (cash, check, money order, or credit card) recorded in the property tax system is not reconciled to the composition of deposits.

We identified numerous instances where the composition of receipts in the property tax system differed from the composition of the deposit. We determined some differences were due to method of payment entry errors, and the deposit of unrecorded duplicate tax receipts paid by check. Checks received for duplicate tax receipts are deposited, but the related cash is withheld from the cash drawer and put in the petty cash fund. In addition, overpayments made by check and subsequent cash refunds are not reflected on the daily collection reports. Also, the total cash collected amount recorded on the audit journal page is reduced by the amount of these refunds, but does not include the unrecorded duplicate tax receipts. As a result, the total amount received for cash and



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checks on the daily collection report or on the audit journal page do not agree to the total amounts of cash and checks deposited.

Properly receipting and recording payments, recording method of payment, and reconciling composition of receipts to the composition of deposits are necessary to ensure receipts are adequately safeguarded and reduce the risk of loss, theft, or misuse of funds.

2.6 Non-sufficient funds
checks

The County Collector does not have adequate procedures for non-sufficient funds (NSF) checks.

The County Collector's office does not reverse NSF checks in the property tax system to indicate the taxpayer's check was returned and payment is still due from the taxpayer. In addition, adjustments are not made to deduct NSF check amounts from monthly distributions of tax collections to the county and other political subdivisions. Restitution for NSF checks may not be received until several months after the receipt was initially collected and, in some instances, restitution may never be received. As a result, the office needs records to track the repayment status of these checks.

Without adequate procedures for the collection and recording of NSF checks, the County Collector's office cannot ensure amounts due from taxpayers are properly tracked and monies are properly distributed.

Similar conditions
previously reported

Similar conditions to sections 2.1, 2.3, and 2.4 were noted in our prior audit report.

Recommendations

The County Collector:

- 2.1 Prepare and file complete and accurate annual settlements.
- 2.2 Recalculate assessment withholdings for current and prior years and work with the County Commission to disburse amounts owed to the taxing districts from the Assessment Fund. The County Collector should also ensure the percentage deducted from property taxes for the Assessment Fund is properly reduced in future years once the \$75,000 limit is reached.
- 2.3 Prepare and reconcile a list of liabilities to the reconciled bank balance monthly. Any differences should be promptly investigated and resolved.
- 2.4 Issue receipt slips for all partial payments received, and reconcile the partial payment ledger to the reconciled bank balance monthly.



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- 2.5 Issue receipt slips for duplicate tax receipt payments, record method of payment accurately, and reconcile the composition of receipts to the composition of deposits.
- 2.6 Ensure a policy is established for the collection of NSF checks and accounting records accurately document the status of accounts involving those checks.

Auditee's Response

The County Collector provided the following responses:

- 2.1 *I have filed an amended annual settlement and will ensure future annual settlements are complete and accurate.*
- 2.2 *I will attempt to recalculate current and prior years assessment withholdings and work with the County Commission to disburse amounts owed. I have contacted the property tax system programmer to implement calculation changes to ensure the percentage to be deducted from property taxes for the Assessment Fund is properly reduced in future years once the \$75,000 limit is reached.*
- 2.3 *Office personnel will prepare and reconcile a list of liabilities to the reconciled bank balances monthly. Office personnel will attempt to identify and disburse the balance of differences identified in the report in accordance with state law.*
- 2.4 *I will consider issuing receipt slips for the partial payment monies received. Office personnel will reconcile the ledger to the cash balance monthly and attempt to identify and disburse the balance of differences identified in the report in accordance with state law.*
- 2.5 *I have contacted the programmer to record duplicate tax payments in the property tax system and a receipt will be generated from the system. Any differences in composition will be documented on the daily reports.*
- 2.6 *I have implemented a policy that after notification to the taxpayer and a 10 day time period, NSF checks will be turned over to the Prosecuting Attorney and reversed in the property tax system. Office personnel currently tracking the status of all NSF checks.*

The County Commission provided the following response:

- 2.2 *We will work with the County Collector and the County Assessor to disburse amounts owed to the taxing districts from the Assessment Fund.*



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The County Assessor provided the following response:

2.2 *I will work with the County Collector and the County Commission to timely disburse amounts owed to the taxing districts from the Assessment Fund.*

3. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The office processed civil and criminal process fees, concealed carry weapon (CCW) permits, bonds, and other miscellaneous receipts totaling approximately \$199,000 during the year ended December 31, 2015.

3.1 Receipting, recording, and reconciling

Controls and procedures for receipting, recording, and reconciling monies need improvement.

- Official prenumbered receipt slips are not issued by the Sheriff's office. Office personnel issue receipt slips created using computer software by the Administrative Clerk for payments received and for money received by jail personnel and transmitted to the Sheriff's office. The Administrative Clerk assigns a number to each receipt slip created.
- Manual receipt slips issued at the jail are not always issued in numerical sequence, and manual receipt slips were not issued for 2 cash bonds received totaling \$182 from October 11, 2015, to October 24, 2015. In addition, the numerical sequence of manual receipt slips issued at the jail is not accounted for properly and reconciled with the monies transmitted to and recorded in the Sheriff's office.

A similar condition was noted in our prior audit report.

- Bond forms are not prenumbered, and a reconciliation between bond forms and the manual receipt slips issued by the jail is not performed.

Failure to implement adequate receipting, recording, and reconciling procedures increases the risk that loss, theft, or misuse of monies received will go undetected.

3.2 Inmate monies

The Sheriff's office procedures for the refunding of inmate monies with debit cards are not adequate.

Since the Sheriff's office implemented a new computerized commissary system in June 2016, we reviewed established procedures to ensure inmate monies were handled properly. The system allows inmate monies to be deposited into a kiosk and applied to an inmate's commissary account, and uses debit cards to return monies to inmates. The Jail Administrator does not maintain records to account for debit card stock received, issued, and on hand. Debit card stock on hand is maintained in the jail and is accessible to



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all jailers. In addition, inmates are not required to sign for the receipt of the debit card, and a report of debit card issuances is not generated and reviewed for accuracy.

Detailed records are necessary to adequately account for debit cards. Loss, theft, or misuse of debit cards and inmate monies could go undetected without adequate debit card records and procedures.

3.3 Seized property

A physical inventory of seized property has not been performed, and some seized property has been held for years with some items dating back to 1979.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the property. Periodic physical inventories should be performed and the results compared to inventory records to ensure seized property is accounted for properly. Section 542.301, RSMo, provides the requirements for the disposition of seized property that has not been forfeited or returned to the claimant.

Recommendations

The Sheriff:

- 3.1 Issue official prenumbered receipt slips in sequential order for all monies received, ensure the numerical sequence of manual receipt slips is accounted for properly and reconciled with monies transmitted to the Sheriff's office, and issue prenumbered bond forms and reconcile the bond forms to the manual receipt slips issued.
- 3.2 Obtain adequate supporting documentation for any refunds of inmate monies, and develop records and procedures to account for all debit cards.
- 3.3 Ensure a periodic physical inventory is conducted and reconciled to the list of seized property, and investigate any differences. The Sheriff should also make timely and appropriate dispositions of seized property.

Auditee's Response

- 3.1 *We are looking into a new receipting system, which will provide official prenumbered receipt slips. The Administrative Clerk now accounts for the numerical sequence of receipt slips issued at the jail and reconciles the jail receipt slips with monies transmitted to the Sheriff's office. We will write the manual receipt slip number on the bond forms and reconcile bond forms to bond receipt slips.*



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- 3.2 *We now require inmates to sign for the receipt of debit cards. The debit card stock accessible to jailers has been limited to approximately 100 debit cards. We will generate a report of debit cards issued and review the report monthly.*
- 3.3 *We plan to conduct a physical inventory by June 2017. We will reconcile the inventory to the list of seized property and dispose of any old items as they are found.*

4. Prosecuting Attorney's Receipting and Transmitting

The Bad Check Clerk does not account for the numerical sequence of receipt slips, and documentation (victim letters or victim case cards) is not always maintained to support the transmittal of bad check and court-ordered restitution payments to victims. The office collected approximately \$139,000 in bad check and court-ordered restitution and fees during the year ended December 31, 2015.

To adequately account for receipts and reduce the risk of loss, theft, or misuse of funds, the numerical sequence of receipt slips issued should be accounted for and documentation should be maintained to support the transmittal of monies to victims.

Recommendation

The Prosecuting Attorney account for the numerical sequence of receipt slips issued and adequately document the transmittal of monies to victims.

Auditee's Response

We have implemented changes to account for the numerical sequence of receipt slips issued and to maintain documentation for transmittal of monies to victims.

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.

5.1 Passwords

The County Clerk, County Assessor, Public Administrator, and County Collector have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees in the County Clerk and County Assessor's offices are not required to change passwords periodically. Computers in the Public Administrator's office do not require a password. Additionally, user access was not promptly deleted or suspended after seasonal employees in the County Collector's office ended their employment.

Passwords are required to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, since passwords do not have to be periodically changed by employees in certain offices and are not required in one office, there is less assurance they are effectively limiting access to computers and data files to



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only those individuals who need access to perform their job responsibilities. Passwords should be unique, confidential, changed periodically, and user access for seasonal employees promptly deleted or suspended to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

5.2 Security controls

Security controls are not in place to lock computers in the offices of the County Clerk, County Assessor, and Public Administrator after a specified number of incorrect logon attempts or after a certain period of inactivity. Logon attempt controls lock the capability to access a computer after a specified number of consecutive unsuccessful logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a computer by guessing passwords. Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs and data files. Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

5.3 Data backup

The County Clerk and Public Administrator do not store backup files at an off-site location. In addition, the Public Administrator does not periodically test backup data. Off-site storage and periodic testing to ensure the backup process is adequate would provide reasonable assurance data could be recovered if necessary.

Recommendations

The County Commission work with other county officials to:

- 5.1 Require confidential passwords for each employee that are periodically changed to prevent unauthorized access to the county's computers and data, and ensure seasonal employees user access are promptly deleted or suspended.
- 5.2 Require each county computer have security controls in place to lock it after a specified number of incorrect logon attempts and after a certain period of inactivity.
- 5.3 Ensure backup data is stored in a secure off-site location and tested on a regular basis.

Auditee's Response

The County Commission provided the following responses:

- 5.1 &
- 5.2 *We will discuss the recommendation with the various officeholders and consider implementing a policy to address the issues identified.*



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5.3 *We will work with the Public Administrator to ensure the recommendations are implemented.*

The County Clerk provided the following responses:

5.1 *I disagree philosophically about the effectiveness of frequently changing passwords. If a password is sufficiently complex it is more secure than a simplified password that is changed frequently.*

5.2 *I have contacted the accounting software vendor to inquire as to the feasibility of adding a lock out feature in the event of multiple incorrect logon attempts.*

5.3 *I have implemented this recommendation by entering into an agreement for off-site backup service and testing.*

6. Payroll Controls and Procedures

Controls and procedures over payroll disbursements need improvement.

6.1 Personnel policies

County officials have not always followed established employee policies.

- Several employees in the Sheriff's office carried vacation leave balances forward past their anniversary dates without documented approval as required by the Sheriff's office's personnel policy.
- Timesheets and leave records are not prepared for 2 assistant prosecuting attorneys as required by the county's personnel policy.

The Sheriff's office personnel policy requires employees to take vacation leave earned prior to their anniversary date, and indicates there will be no exceptions unless authorized by the employee's supervisor. Allowing employees to carry leave in excess of policy may result in unnecessary costs to the county. The county's personnel policy indicates all employees will complete and sign the required county approved timesheet prior to the issuance of a paycheck for the work period. Without timesheets and leave records, the County Clerk's office does not have sufficient records to ensure the validity of payroll disbursements.

6.2 Salary payments

The County Clerk's office prepares and distributes payroll for full-time employees on the 26th of each month for the period ending the last day of the month. As a result, full-time employees are paid in advance for their services. In addition, there is no comparison of actual time worked to time previously reported.



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Similar conditions
previously reported

Recommendations

Paying county employees in advance of hours actually worked may lead to errors and the potential for employees to be over/under paid. Article III, Section 38(a) of the Missouri Constitution, prohibits the granting of public monies or property to any private person, association, or corporation.

A condition similar to section 6.1 was noted in our prior 2 audit reports and a condition similar to section 6.2 was noted in our prior audit report.

The County Commission:

- 6.1 And the Sheriff ensure compliance with the vacation leave policy or revise the personnel policy as needed. Also, the County Commission should require the assistant prosecuting attorneys to submit timesheets and leave records to the County Clerk's office.
- 6.2 Discontinue compensating full-time employees in advance of receiving services.

Auditee's Response

The County Commission provided the following response:

- 6.1 *We will work with the Sheriff and Prosecuting Attorney to ensure compliance with the Sheriff's and county personnel policies.*

The County Clerk and County Commission provided the following response:

- 6.2 *The County Clerk will make every effort to ask for revised timesheets and to review them to evaluate if excess payments have been made. If an employee leaves county service, before the final paycheck is issued, adjustments are made to account for time actually worked.*

The Sheriff provided the following response:

- 6.1 *My office will document the approval of any carryover of vacation leave in accordance with the office's personnel policy.*

7. Recorder of Deeds' Segregation of Duties

The Recorder of Deeds has not adequately segregated accounting duties or ensured independent reviews of detailed accounting and bank records are performed. The office collected various fees totaling approximately \$234,000 related to recording documents, such as marriage licenses and deeds, during the year ended December 31, 2015.

The Recorder of Deeds receives, records, and deposits monies received; prepares checks for disbursement; and reconciles the bank account. An independent review of the detailed accounting and bank records is not performed by the 2 full-time deputy clerks in the office.



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Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting and bank records are essential.

Recommendation

The Recorder of Deeds segregate accounting duties or ensure independent or supervisory reviews of detailed accounting and bank records are performed and documented.

Auditee's Response

I will have my employees be more active in the accounting duties of this office. I will have a second person review bank reconciliations and deposits.

Lawrence County

Organization and Statistical Information

Lawrence County is a county-organized, third-class county. The county seat is Mount Vernon.

Lawrence 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. The county employed 88 full-time employees (including elected officials) and 18 part-time employees on December 31, 2015.

In addition, county operations include the health department, Board for the Developmentally Disabled, and the Senior Citizens Service Board.

Elected Officials

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

Officeholder	2016	2015
Sam Goodman, Presiding Commissioner	\$	32,591
David Botts, Associate Commissioner		30,591
Joe Ruscha, Associate Commissioner		30,591
Pam Robertson, Recorder of Deeds		46,350
Gary Emerson, County Clerk		46,350
Don Trotter, Prosecuting Attorney		134,385
Brad DeLay, Sheriff		52,280
Kathy S. Fairchild, County Treasurer		46,350
Scott Lakin, County Coroner		16,480
Pam Fobair, Public Administrator		46,350
Kelli McVey, County Collector (1), year ended February 29,	55,074	
Doug Bowerman, County Assessor, year ended August 31,		45,900
Aaron Austin, County Surveyor (2)		N/A

(1) Includes \$8,492 of commissions earned for collecting city property taxes.

(2) Compensation on a fee basis.