



Office of Missouri State Auditor
Nicole Galloway, CPA

Scott County



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Scott County

Election Services Fund Transactions	County officials made disbursements from the Election Services Fund that are questionable or improper based on the statutorily intended purpose of the fund.
Sheriff's Controls and Procedures	The Sheriff does not have proper controls and procedures in place to ensure collection and transmittal of amounts billed and received for boarding of prisoners. The Sheriff has not entered into written agreements with the surrounding counties and cities for the boarding of prisoners. The Sheriff does not have adequate procedures to ensure all inmate monies are refunded upon release.
Prosecuting Attorney's Controls and Procedures	The Prosecuting Attorney does not prepare monthly lists of liabilities for the office's 2 bank accounts and consequently, liabilities are not agreed to the reconciled bank balances. The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks for the 2 restitution accounts.
Passwords	The County Collector, County Treasurer, and Recorder of Deeds have not established adequate password controls to reduce the risk of unauthorized access to computers and data as required by the county's personnel policy.
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 **Good**.*

*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 Scott County

We have audited certain operations of Scott County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones and Associates, Certified Public Accountants, has been engaged to audit the financial statements of Scott County for the 2 years ended December 31, 2017. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2017. The objectives of our audit were to:

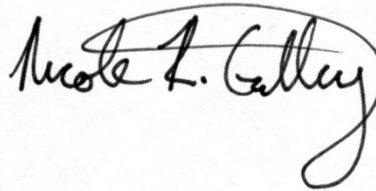
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 Scott County.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is fluid and cursive, with the first name "Nicole" and last name "Galloway" clearly legible. The initials "R." are written in a smaller, more compact script between the first and last names.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Josh Allen, CPA, CFE
In-Charge Auditor:	David Olson
Audit Staff:	Jennifer Anderson
	Emily Warren, CPA
	Wanda S. Rice, MBA

Scott County Management Advisory Report State Auditor's Findings

1. Election Services Fund Transactions

County officials made disbursements from the Election Services Fund (ESF) that are questionable or improper based on the statutorily intended purpose of the fund.

The statutory purpose of the ESF is to provide funding for training programs and the purchase of supplies or equipment to improve the conduct of elections. Fund revenue includes a 5 percent fee assessed on election billings and certain reimbursements from the Missouri Secretary of State's Office. We reviewed the use of the ESF in 2016 and 2017 and identified the following questionable disbursements.

- Missouri Association of Counties conference fees and related expenses totaling \$1,641 for meals, lodging, and mileage reimbursements during 2016 and 2017. For the 4 conferences attended, the conference agendas provided by the County Clerk indicated only one hour of training was related to conducting elections.

We also identified several unallowable disbursements.

- The purchase of 200 solar eclipse sunglasses costing \$400 in 2017. The County Clerk indicated the sunglasses were for use by election workers and county employees. The solar eclipse event occurred on August 21, 2017, but no elections were held on this date.
- An appreciation banquet for election workers costing \$2,021 in 2016. The costs included food, a banquet hall rental, and supplies.
- A disbursement of \$250 to an organization to display 6 American flags in front of the county courthouse on select holidays during 2017.

Section 115.065.4, RSMo, states "The election services fund shall be used by the election authority for training programs and purchase of additional supplies or equipment to improve the conduct of elections, including anything necessarily pertaining thereto."

Costs paid by the fund should be clearly related to the uses allowed by state law and documentation should be retained to demonstrate the disbursements comply with statutory restrictions.

Recommendation

The County Clerk and County Commission ensure the Election Services Fund is used for purposes intended by state law, and retain documentation showing compliance with state law. In addition, the Election Services Fund should be reimbursed for the questionable and unallowable disbursements.



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Management Advisory Report - State Auditor's Findings

Auditee's Response

The County Clerk provided the following response:

Missouri Association of Counties conference fees and related expenses totaling \$1,641 for meals, lodging and mileage during 2016 and 2017: I attend these meetings to listen to speakers discuss election issues. County Clerks/Election Authorities meet and discuss the changes in the laws concerning elections. Plus vendors are there demonstrating the latest election equipment available.

The purchase of 200 solar eclipse sunglasses costing \$400 in 2017 for use by election workers and county employees. The solar eclipse event occurred on August 21, 2017, but no elections were held on this date: I purchased the glasses because they were sold out everywhere around the county and various judges and employees asked if I could find some. I purchased them because I felt the safety of the election judges and employees was very important.

An appreciation banquet for election workers costing \$2,021 in 2016. The costs included food, a banquet hall rental, and supplies: I wanted to thank the men and women for their hard work they do for the elections in Scott County. The banquet was held after all of the elections in 2016 so everyone could enjoy each other's company, visit and get to know each other in a more relaxed atmosphere than on election day. Election Judges are moved to other precincts sometimes, so this banquet also gave them a chance to meet others that they may work with on Election Day. Elections could not be held if it wasn't for these men and women working these long hard days. This is definitely 100% election related because they discussed working at the polls on Election Day.

A disbursement of \$250 for the display of 6 American Flags in front of the County Courthouse on select holidays during 2017: I paid from the Election Services Fund because I believe the flags stand out and remind people of their freedom to vote.

I paid for the above items from the Election Services Fund because I feel the expenditures were election related. In 2016, \$8,083 was receipted in the Election Services Fund and in 2017, \$5,873.95. This money came from the state, interest earned and the General Revenue Fund. I stand behind my decisions of purchases and believe they are all election related.

As stated in the above paragraphs, I feel the disbursements do follow the law and with the revenues already received in this fund, why transfer more? In the future just like in the past, all expenditures paid from the Election Services Fund will be election related and the invoices will show that. I respect the State Auditor's Office and have always followed their recommendations and will continue to do so if necessary.



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The County Commission provided the following response:

Missouri Association of Counties conference voting issues are always an agenda item, plus latest equipment and possible upgrades to our current equipment are displayed and operated.

Solar Eclipse was a once in a lifetime phenomenon. Election workers and employees alike were going to view just like all Missourians. For the safety of all, glasses were purchased.

Appreciation Luncheon is a small act of appreciation from Scott County for a long day of service to the voting public.

Flags purchased are a symbol of voter freedom.

We will continue to ensure the Election Services Fund is used for purposes intended by state law, and retain documentation showing compliance with state law. We will not transfer money to the Election Services Fund at this time, due to our above responses and General Revenue Fund has already transferred the required 5 percent into the fund.

Auditor's Comment

The disbursements indicated above were not related to conducting elections, and as a result, these costs should be reimbursed to the Election Services Fund.

2. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The office collected monies for civil paper service, bonds, transporting prisoners, inmate monies, and other miscellaneous receipts totaling approximately \$467,000 during the year ended December 31, 2017.

2.1 Prisoner boarding

The Sheriff does not have proper controls and procedures in place to ensure collection and transmittal of amounts billed and received for boarding of prisoners. During 2017, the Sheriff's office did not track all board bills sent or payments received. As a result, the Sheriff's office is unable to monitor billed amounts to ensure payments are received and transmitted to the County Treasurer. County records indicate amounts transmitted to the County Treasurer for board bills totaled approximately \$39,400 in 2017. In addition, the Sheriff has not entered into written agreements with the surrounding counties and cities for the boarding of prisoners detailing the housing rate to be paid, the services to be provided, or any required notification for emergency or non-routine situations.

Procedures such as independent reconciliations of billing records to jail records and payments received should be established to ensure prisoner housing is properly billed, collected, recorded, and transmitted to the County Treasurer. Proper records and follow-up procedures are also necessary to safeguard against possible loss, theft, or misuse of funds going undetected.



Scott County Management Advisory Report - State Auditor's Findings

Section 432.070, RSMo, requires contracts for political subdivisions to be in writing. Written agreements, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

2.2 Inactive inmate account balances

The Sheriff does not have adequate procedures to ensure all inmate monies are refunded upon release. As of May 31, 2018, the Sheriff's office was holding \$2,074 for 397 former inmates in the commissary bank account. These inmates were released from the county justice center but did not claim their commissary account balance.

Follow up on inactive accounts is necessary to ensure monies are appropriately disbursed to the former inmates or as otherwise provided by state law. In addition, establishing procedures to refund all inmate monies upon release will allow the Sheriff to more adequately safeguard any monies being held and reduce the risk of loss, theft, or misuse of monies.

A similar condition was noted in our prior audit report.

Recommendations

The Sheriff:

- 2.1 Develop procedures to ensure collections of costs for boarding prisoners and the proper recording and transmittal of payments received. In addition, the Sheriff should work with the County Commission to obtain written agreements with other counties and cities for the boarding of prisoners.
- 2.2 Refund all inmate monies to inmates upon release. In addition, the Sheriff should attempt to return unclaimed balances to the former inmates. If the payee cannot be located, the amount should be disbursed in accordance with state law.

Auditee's Response

- 2.1 *We have read, understand, and will comply. We have begun working on this, and since the audit we have written agreements with agencies that we hold prisoners for in our surrounding cities and counties. We are also developing procedures to ensure collection of costs for boarding prisoners and the proper recording and transmittal of payments received.*
- 2.2 *We have read, understand, and will comply. We are currently switching to debit cards for all inmates released with funds. We used to issue checks Monday through Friday to inmates released with money on their accounts. The new debit card should eliminate this problem in the future. We are currently working on returning the*



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Management Advisory Report - State Auditor's Findings

unclaimed balances to the proper owners. If the payee cannot be located, the amount will be disbursed in accordance with state law.

3. Prosecuting Attorney's Controls and Procedures

Controls and procedures in the Prosecuting Attorney's office need improvement. The office collected approximately \$142,000 in bad checks, restitution, delinquent taxes, and related fees during the year ended December 31, 2017.

3.1 Liabilities

The Prosecuting Attorney does not prepare monthly lists of liabilities for the office's 2 bank accounts and consequently, liabilities are not agreed to the reconciled bank balances. At our request, a list of liabilities was prepared for each account. For the current restitution account, identified liabilities totaled \$3,105 at May 31, 2018. The reconciled bank balance was \$4,158, leaving an unidentified balance of \$1,053. For the old restitution account, identified liabilities totaled \$88 at May 31, 2018. The reconciled bank balance was \$24,204, leaving an unidentified balance of \$24,116. After preparing the list, the Prosecuting Attorney's office disbursed \$24,000 of the unidentified balance to the State Treasurer's Office Unclaimed Property Division on June 20, 2018.

Monthly lists of liabilities should be prepared and reconciled to the available cash balance to ensure sufficient cash is available for the payments of amounts due and all monies in the bank can be identified. Prompt follow up on discrepancies is necessary to resolve errors. Further, various statutory provisions provide for the disposition of unidentified monies.

3.2 Outstanding checks

The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks for the 2 restitution accounts. As of May 31, 2018, 18 checks totaling \$2,439 had been outstanding for over a year, with one check dating back to 2011.

Procedures to routinely follow up on outstanding checks are necessary to prevent the accumulation of monies in the account and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law.

Similar conditions previously reported Recommendations

A similar condition to section 2.1 was noted in our 5 prior audit reports and a similar condition to section 2.2 was noted in our 4 prior audit reports.

The Prosecuting Attorney:

- 3.1 Prepare monthly lists of liabilities and reconcile the list to the reconciled bank balance monthly. Any differences should be promptly investigated and resolved. Any unidentified monies should be disposed of in accordance with state law.



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- 3.2 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If payees cannot be located, the monies should be disposed of in accordance with state law.

Auditee's Response

- 3.1 *I agree with the recommendation and it is being implemented.*
- 3.2 *I agree with the recommendation and it is being implemented. We have already disbursed 8 of the 18 checks totaling \$1,038.12 to the State Treasurer's Office Unclaimed Property Division.*

4. Passwords

The County Collector, County Treasurer, and Recorder of Deeds have not established adequate password controls to reduce the risk of unauthorized access to computers and data as required by the county's personnel policy. Employees in these offices share passwords.

The county's personnel policy states unique and confidential passwords that are changed periodically are required for county computers. Passwords are necessary to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, since passwords are shared in these offices, 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. Passwords should be unique and confidential to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

A similar condition was noted in our 3 prior audit reports.

Recommendation

The County Collector, County Treasurer, and Recorder of Deeds require confidential passwords for each employee as required by the county's personnel policy.

Auditee's Response

The County Collector provided the following response:

I disagree with the recommendation and feel that it is not practical to implement with the limited staff we have in the office.

The County Treasurer provided the following response:

I will consult with the Information Technology Administrator and implement the recommendation if feasible.

The Recorder of Deeds provided the following response:



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Management Advisory Report - State Auditor's Findings

This has been implemented. We recently purchased new computers that require unique passwords for each employee. Passwords will be kept confidential.

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Organization and Statistical Information

Scott County is a county-organized, third-class county. The county seat is Benton.

Scott 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 110 full-time employees and 11 part-time employees on December 31, 2017.

In addition, county operations include 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	2018	2017
Jamie Burger, Presiding Commissioner	\$	43,020
Dennis Ziegenhorn, Associate Commissioner		40,308
Donnie Kiefer, Associate Commissioner		40,308
Tara L. Mason, Recorder of Deeds		61,071
Rita Milam, County Clerk		61,071
Paul R. Boyd, Prosecuting Attorney		137,077
Wes Drury, Sheriff		67,863
Glenda Enderle, County Treasurer		61,071
Scott C. Amick, County Coroner		21,726
Julia C. Dolan, Public Administrator		61,071
Mark Hensley, County Collector (1), year ended February 28,	70,336	
Teresa Houchin, County Assessor, year ended August 31,		60,101

(1) Includes \$9,163 of commissions earned for collecting city property taxes.