

The seal of the State Auditor of Missouri is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "JUSTICE WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom.

Nicole Galloway, CPA

Missouri State Auditor

Warren County

Report No. 2020-049

August 2020

auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Warren County

Property Tax System Controls and Procedures	The County Collector has not prepared and filed an annual settlement for the years ended February 28 (29) 2017, 2018, 2019, and 2020 in violation of state law. The County Clerk does not (1) maintain an account book or other records summarizing property tax charges, transactions, and changes and (2) prepare or verify the accuracy of the current or delinquent tax books.
Passwords	The County Assessor, Recorder of Deeds, and Public Administrator have not established adequate password controls to reduce the risk of unauthorized access to computers and data.
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 Warren County

We have audited certain operations of Warren 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, 2019. The objectives of our audit were to:

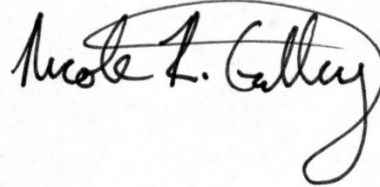
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 control that is significant to the audit objectives and assessed the design and implementation of such 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 Warren 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 name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Kelly Davis, M.Acct., CPA, CFE
Audit Manager:	John Lieser, CPA
In-Charge Auditor:	Joyce Thomson
Audit Staff:	Stephanie M. Kroner Joel Stucky

Warren County Management Advisory Report State Auditor's Findings

1. Property Tax System Controls and Procedures

Controls and procedures over the property tax system need improvement. Property taxes and other monies collected by the County Collector's office totaled approximately \$40.8 million during the year ended February 29, 2020.

1.1 Annual settlements

The County Collector has not prepared and filed an annual settlement for the years ended February 28 (29) 2017, 2018, 2019, and 2020 in violation of state law. 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, it is imperative the County Collector file annual settlements. Section 139.160, RSMo, requires the County Collector to annually settle with the County Commission the accounts of all monies 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 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 monies going undetected.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records that summarize all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatement, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector are complete and accurate.

1.3 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 provided by the County Assessor and tax levies provided by the County Clerk. The County Collector indicated she reviews the tax books for accuracy. However, because the County Collector is responsible for collecting property tax monies, good internal controls and state law require someone independent of the collection process be responsible for generating and testing the accuracy of the tax books. In addition, the County Collector prepares the delinquent tax books by combining the uncollected taxes from the current tax year and uncollected taxes from all prior years. A review of the current and



Warren County
Management Advisory Report - State Auditor's Findings

delinquent tax books should 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, the accuracy of the tax books should be verified and approval of the tax book amounts to be charged to the County Collector should be documented.

Recommendations

- 1.1 The County Collector prepare and file annual settlements in accordance with state law. In addition, the County Commission should ensure the annual settlements are filed and are carefully and fully examined to ensure tax book charges and credits are accurately reported.
- 1.2 The County Clerk maintain an account book with the County Collector.
- 1.3 The County Clerk 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

The County Collector, County Commission, and County Clerk provided a written response. See Appendix.

2. Passwords

The County Assessor, Recorder of Deeds, and Public Administrator 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.

Passwords are required to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, 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. Passwords should be changed periodically 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 prior two audit reports.



Warren County
Management Advisory Report - State Auditor's Findings

Recommendation

The County Commission work with other county officials to require passwords for each employee be periodically changed to prevent unauthorized access to the county's computers and data.

Auditee's Response

The County Commission provided a written response. See Appendix.

Warren County Organization and Statistical Information

Warren County is a county-organized, third-class county. The county seat is Warrenton.

Warren 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 116 full-time employees and 14 part-time employees on December 31, 2019.

In addition, county operations include the Developmental Disabilities Board, county health department, and Planning and Zoning Commission.

Elected Officials

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

Officeholder	2020	2019
Joe Gildehaus, Presiding Commissioner	\$	38,137
Daniel Hampson, Associate Commissioner		35,937
Hubert Kluesner, Associate Commissioner		35,937
Deborah Engemann, Recorder of Deeds		54,450
Denise Stotler, County Clerk		54,450
Kelly King, Prosecuting Attorney		140,667
Kevin Harrison, Sheriff		62,920
Jeffrey Hoelscher, County Treasurer		54,450
Glenn Craig, County Coroner (1)		7,448
Mark O'Neill, County Coroner (1)		12,907
Melissa Dempsey, Public Administrator		25,000
Julie Schaumberg, County Collector, year ended February 29,	54,450	
Wendy Nordwald, County Assessor, year ended August 31,		54,450
Robert L. Lewis, County Surveyor (2)		

(1) Glenn Craig resigned as County Coroner in April 2019. Mark O'Neill was temporarily appointed to the position by the County Commission in April 2019 and appointed by the Governor and sworn into office in June 2019.

(2) Compensation on a fee basis.

Appendix

Warren County

Auditee's Response

WARREN COUNTY COMMISSION

Presiding Commissioner
Joe Gildehaus
jgildehaus@warrencountymo.org

Southern District Commissioner
Hubert Kluesner
hkluesner@warrencountymo.org

Northern District Commissioner
Daniel Hampson
dhampson@warrencountymo.org



Warren County Administration Building
101 Mockingbird Ln., Ste 300
Warrenton, MO 63383

Phone: 636-456-3045
Fax: 636-456-1801

July 27, 2020

Missouri State Auditor's,

After speaking with you, and the other elected officials in our County, the County Commission, County Clerk and County Collector recognize and acknowledge the issues presented by the State Auditor's report. The Warren County Collector will complete her annual settlement's with oversight and communication with the Warren County Clerk and the Warren County Commission. The Warren County Clerk has had the necessary software installed in her office to properly complete the required accounting book and print and verify the accuracy of the tax books. The County Commission, County Clerk and County Collector will work together to review and verify the accuracy of all tax records.

The Warren County Commission will work with the other offices within the County Buildings to implement password controls to reduce the risk of unauthorized access to computers and data by making the required changes to passwords periodically.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe Gildehaus".

Joe Gildehaus, Presiding Commissioner

A handwritten signature in cursive script, appearing to read "Hubert Kluesner".

Hubert Kluesner, Southern Commissioner

A handwritten signature in cursive script, appearing to read "Dan Hampson".

Dan Hampson, Northern Commissioner

A handwritten signature in cursive script, appearing to read "Denise Stotler".

Denise Stotler, Warren County Clerk

A handwritten signature in cursive script, appearing to read "Julie Schaumborg".

Julie Schaumborg, Warren County Collector