

The seal of the Missouri State Auditor 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

Madison County

Report No. 2020-100

November 2020

auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Madison County

<p>Sheriff's Controls and Procedures</p>	<p>The Sheriff has not adequately segregated accounting duties and does not ensure supervisory reviews of detailed accounting and bank records are performed. The Sheriff has not established adequate procedures for receipting, depositing, transmitting, and disbursing monies. Sheriff's office personnel do not prepare a monthly list of liabilities for the civil paper service/bond account or the commissary account, and consequently, liabilities are not agreed to the reconciled bank balances. The Sheriff has not resolved inactive bank accounts remaining from the prior Sheriff. The Sheriff's office has not established adequate records and procedures over inmate ledgers and commissary orders. The Sheriff does not disburse commissary net proceeds to the county Inmate Prisoner Detainee Security Fund as required by state law and the Sheriff used commissary net proceeds to purchase items for jail operations outside the normal county procurement or budget process. The Sheriff's office does not maintain perpetual inventory records of commissary items and periodic physical inventory counts are not performed. The Sheriff's office does not charge or collect sales taxes on commissary sales, and no sales taxes are remitted to the Missouri Department of Revenue. The Sheriff has not established adequate procedures to ensure timely collection of amounts billed for mileage relating to civil paper service. The Sheriff has not entered into written agreements with the surrounding counties or 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. The Sheriff's office has not established adequate controls and procedures over seized property.</p>
<p>Prosecuting Attorney's Controls and Procedures</p>	<p>The Prosecuting Attorney's bad check bank account had \$426 of unidentified monies at December 31, 2019. The Prosecuting Attorney has not established adequate procedures to ensure restitution amounts owed by defendants are accurately entered into the computer system.</p>
<p>Recorder of Deeds' Controls and Procedures</p>	<p>The Recorder of Deeds does not record some monies received and some receipts are not disbursed. The Recorder of Deeds does not account for the numerical sequence of receipt slip numbers and has not resolved the unidentified balance in her bank account.</p>
<p>Property Tax Levy Reductions</p>	<p>The County Clerk did not use accurate assessed valuation amounts when performing his annual property tax reduction calculations.</p>
<p>Electronic Data Security</p>	<p>The Public Administrator, Recorder of Deeds, and Sheriff have not established adequate password controls to reduce the risk of unauthorized access to computers and data. The County Clerk, County Treasurer, Public Administrator, Recorder of Deeds, and Sheriff do not have security controls in place to lock computers after a specified number of incorrect logon attempts and/or after a certain period of inactivity.</p>

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**.*

*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 Madison County

We have audited certain operations of Madison 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:

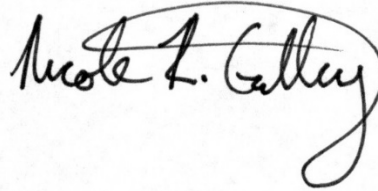
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 Madison 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
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	Spenser Hackmann, CFE

Madison County Management Advisory Report State Auditor's Findings

1. 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 money for bonds, civil paper service receipts, and concealed carry weapon (CCW) permits. The office collected approximately \$19,500 for inmate commissary receipts, \$146,600 for bond monies, \$21,800 for civil paper service receipts, and \$4,800 for CCW permits during the year ended December 31, 2019.

1.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and does not ensure supervisory reviews of detailed accounting and bank records are performed.

- The Dispatcher is primarily responsible for civil paper service and bond transactions, including receipting, recording, and depositing monies; preparing checks; and preparing the bank reconciliation for the civil paper service/bond account.
- A deputy is primarily responsible for CCW transactions, including receipting, recording, and transmitting monies to the County Treasurer for deposit.
- The Jail Administrator is primarily responsible for inmate monies, including receipting, recording, and depositing monies; preparing and signing checks; and preparing the bank reconciliation for the commissary account. The Jail Administrator also handles the commissary inventory, including purchasing and stocking inventory items, distributing ordered items to inmates, and maintaining commissary records.

In addition, although the monthly bank reconciliations indicate they have been reviewed by the Sheriff, this review is not always completed. The monthly bank reconciliations prepared by the Dispatcher and the Jail Administrator for the civil paper service/bond account and the commissary account, respectively, include a cover page with the Sheriff's signature. However, the cover pages are prepared by the respective employees who also apply the Sheriff's signature electronically, or by using a stamp. Even though the cover pages include the Sheriff's signature, the Sheriff indicated she does not always have time to review the bank reconciliations.

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 receipting, recording, depositing, transmitting, disbursing, and reconciling monies, and also purchasing, recording, and distributing commissary items to inmates. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting and bank records, as well as commissary records, are essential. In addition, the Sheriff should sign the



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bank reconciliations only after performing a detailed review of the accounting and bank records.

1.2 Receipting, depositing, transmitting, and disbursing

The Sheriff has not established adequate procedures for receipting, depositing, transmitting, and disbursing monies.

- Manual receipt slips are not always issued when monies are received for the commissary account. As a result, receipt slips issued cannot be reconciled to the deposits. The Jail Administrator indicated receipt slips are not always issued for monies received in the mail or when inmates have cash at the time of their arrest.
- The Dispatcher does not always deposit civil paper service and bond receipts timely. For example, monies received from August 10 through August 20, 2019, totaling \$1,072, were not deposited until September 3, 2019. In addition, monies received from August 29 through August 31, 2019, totaling \$461, were not deposited until September 23, 2019.
- Civil paper service fees are not always disbursed to the County Treasurer timely. Although the Dispatcher prepares disbursement checks monthly, the Sheriff stated she may hold the checks to ensure a balance was retained in the bank account. For example, fees for March 2019 through July 2019 were not disbursed to the County Treasurer until August 5, 2019, and fees for August 2019 through November 2019 were not disbursed to the County Treasurer until December 11, 2019.
- CCW permit fees are not always transmitted to the County Treasurer timely. For example, monies received from May 2019 through July 2019, totaling \$710, were not transmitted until July 26, 2019.

Failure to implement adequate receipting, depositing, transmitting, and disbursing procedures increases the risk that loss, theft, or misuse of monies received will occur and go undetected. In addition, Section 50.370, RSMo, requires all county officials who receive fees or any other remuneration for official services to pay such monies monthly to the County Treasurer. Also, pursuant to Section 50.380, RSMo, the Sheriff may be subject to penalties for failure to timely disburse monies.

1.3 Liabilities

Sheriff's office personnel do not prepare a monthly list of liabilities for the civil paper service/bond account or the commissary account, and consequently, liabilities are not agreed to the reconciled bank balances.

For the civil paper service/bond account, we identified liabilities totaling \$1,728 at December 31, 2019. The reconciled bank balance was \$2,033, leaving an unidentified balance of \$305. For the commissary account, the reconciled bank balance was \$3,503 at December 31, 2019. Liabilities of this



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account could not be easily identified, and included inmate monies as well as commissary net proceeds. No comprehensive list of inmate balances is maintained and the amount of net proceeds in the account is unknown.

Monthly lists of liabilities should be prepared and reconciled to cash balances to ensure records are in balance, errors are detected and corrected timely, and sufficient cash is available for the payment of all liabilities. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed. Various statutory provisions provide for the disposition of unidentified monies.

1.4 Inactive bank accounts The Sheriff has not resolved inactive bank accounts remaining from the prior Sheriff. The office has 3 old inactive bank accounts including an old jail commissary account, an old jail commissary profit account, and a drug task force account with balances of \$599, \$320, and \$1,000, respectively, as of December 31, 2019.

The Sheriff's office does not have a list of liabilities for the old jail commissary account and the Sheriff is unaware of any documentation identifying the proper balances of the other 2 accounts. In addition, the old jail commissary and jail commissary profit accounts are incurring monthly service charges of \$5 each. The Sheriff indicated the accounts have incurred the service charges since at least January 2017, when she took office.

Maintaining old inactive accounts increases the risk of loss, theft, or misuse of funds. The Sheriff's office should attempt to identify and distribute the funds held in old inactive bank accounts, dispose of any unclaimed or unidentified funds in accordance with state law, and close the accounts.

1.5 Inmate ledgers and commissary orders The Sheriff's office has not established adequate records and procedures over inmate ledgers and commissary orders. The Sheriff maintains a commissary bank account for the deposit of inmate monies. These monies are held in trust for the inmates and may be used to purchase various items from the in-house commissary. Monies received, commissary purchases made, and the available cash balance are recorded on a manual ledger for each inmate. Inmates order items from the commissary using manual order forms, and the payments are deducted from the inmates' available balances. Any remaining monies are paid to inmates upon release. During our review of inmate ledgers and commissary order forms for June and July 2019 for 10 inmates, we identified the following concerns:

- The Sheriff's office does not maintain documentation to support all commissary transactions. Sheriff's office personnel could not provide the inmate ledger covering part of July 2019 for 2 inmates. Order forms indicate 1 of the inmates made at least 3 purchases and the other inmate made 1 purchase during that time period. Also, Sheriff's office personnel



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could not provide commissary order forms or the forms did not exist for 2 purchases made by other inmates.

- The Sheriff's office does not have adequate procedures to ensure the accuracy of commissary order forms. Errors were noted with the mathematical accuracy of 4 commissary order forms reviewed. As a result, the inmates were charged incorrect amounts for their commissary purchases.
- One inmate's balance was overdrawn by \$33. The inmate made a purchase totaling \$33 and received the items. The inmate's balance at the time of the purchase showed the inmate had sufficient funds for the purchase because the inmate had added funds to the account the same day. The Jail Administrator indicated the added funds were received and added to the inmate's balance, but were returned to the inmate before being deposited because the inmate was transferred to another facility. Because the inmate's funds were refunded, the inmate actually had insufficient funds for the purchase and the account was overdrawn.

Adequate records and procedures over inmate ledgers and commissary orders are necessary to ensure inmate commissary account balances are accurate.

1.6 Commissary net proceeds

The Sheriff does not disburse commissary net proceeds to the county Inmate Prisoner Detainee Security Fund as required by state law. In addition, the Sheriff used commissary net proceeds to purchase items for jail operations outside the normal county procurement or budget process.

All commissary net proceeds from commissary sales are retained with inmate monies in the commissary bank account. As of December 31, 2019, the reconciled bank balance of the commissary account was \$3,503. As discussed in section 1.3, it is unknown how much of this balance was inmate money and how much was commissary net proceeds.

Disbursements made from the commissary bank account for jail operations include supplies to build a jail garden, a new washing machine, laundry supplies, a monthly satellite television subscription, and cleaning supplies. These purchases did not go through the normal county procurement or budget process and the County Commission did not approve them.

Section 221.102, RSMo, requires each county jail to keep revenues from its commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (net proceeds) into the county Inmate Prisoner Detainee Security Fund held by the County Treasurer. In addition, Section 488.5026.3,



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RSMo, mandates how the funds deposited in the Inmate Prisoner Detainee Security Fund shall be used.

1.7 Commissary inventory The Sheriff's office does not maintain perpetual inventory records of commissary items and periodic physical inventory counts are not performed.

Loss, theft, or misuse of the commissary inventory and related monies may go undetected without adequate inventory records and procedures. Detailed inventory records are necessary to adequately account for commissary inventory. Comparison of a periodic physical inventory to inventory records is necessary to ensure commissary items and related monies are properly recorded and handled.

1.8 Sales taxes The Sheriff's office does not charge or collect sales taxes on commissary sales, and no sales taxes are remitted to the Missouri Department of Revenue (DOR). Pursuant to 12 CSR 10-110.955(3)(B), sales by the state of Missouri and its political subdivisions are subject to tax.

To ensure sales taxes are properly handled, the Sheriff should contact the DOR for guidance on establishing procedures for charging and collecting sales taxes on commissary sales, and ensure all future sales tax collections are remitted to the DOR.

1.9 Civil paper service mileage fees The Sheriff has not established adequate procedures to ensure timely collection of amounts billed for mileage relating to civil paper service. Approximately \$21,800 in civil paper service fees and mileage was collected for the year ended December 31, 2019.

The Sheriff's office typically collects fees for performing civil paper service prior to serving the papers, but mileage costs are not collected until after the papers have been served. If a deputy drives more than 5 miles round trip to serve the papers, the Sheriff's office will send a bill for mileage costs incurred. However, the Sheriff's office does not track the mileage billings sent or retain copies of mileage billings. As a result, an accounts receivable balance cannot be determined and the Sheriff's office is unable to follow up on outstanding billings to ensure all billed amounts have been collected.

To ensure timely collection of amounts billed, the Sheriff should maintain a complete and accurate list of all civil paper service mileage amounts billed. Unpaid amounts should be monitored and appropriate follow-up action taken to ensure all billed amounts are received.

1.10 Prisoner boarding The Sheriff has not entered into written agreements with the surrounding counties or 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. The Sheriff does not bill any county or city for the



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boarding of prisoners. The Sheriff stated she has several verbal agreements to allow Madison County to house prisoners at other jails without paying if Madison County will also house prisoners for that county or city at no cost. The Sheriff has not performed an analysis to determine if such an arrangement is cost effective.

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. In addition, the county should periodically analyze incarceration costs to ensure agreements with surrounding counties and cities to not bill for housing prisoners is cost effective.

1.11 Seized property

The Sheriff's office has not established adequate controls and procedures over seized property. We identified the following concerns:

- A complete seized property evidence listing is not maintained. Seized property is stored in 2 evidence rooms. Room 1 holds property seized prior to 2017, and Room 2 holds property seized from 2017 to present. The seized property evidence listing includes only evidence in Room 1. Sheriff's office personnel have not added the seized property in Room 2 to the evidence listing. The Evidence Officer has been working on improving and updating the records for Room 1, and is in the process of training another employee to assist with the seized property records.
- We tested 9 seized property items in Room 1 and identified concerns with 1 item (11 percent) that was not properly tagged and could not be found on the evidence listing. The Evidence Officer investigated the item and determined the property was seized in 2018, and should have been stored in Room 2.
- The Sheriff's office has not performed a physical inventory of seized property.

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. Complete and accurate inventory records including information such as description, current location, case number, date of seizure, and disposition of such property should be maintained, and periodic physical inventories performed with the results compared to inventory records to ensure seized property is accounted for properly. In addition, all seized property should be properly tagged to identify the property to a specific case.



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Similar conditions previously reported

A similar condition to section 1.1 was noted in our prior 2 audit reports, a similar condition to section 1.2 was noted in our prior 4 audit reports, and similar conditions to sections 1.3, 1.5, 1.6, 1.7, and 1.10 were noted in our prior audit report.

Recommendations

The Sheriff:

- 1.1 Segregate accounting duties or ensure independent or supervisory reviews of detailed accounting, bank, and commissary records are performed and documented. In addition, the Sheriff should only sign the bank reconciliations after a review of the detailed accounting and bank records has been performed.
- 1.2 Issue receipt slips for all monies received, deposit monies timely, and transmit or disburse monies monthly in accordance with state law.
- 1.3 Prepare monthly lists of liabilities and reconcile the lists to the available cash balances. Any differences between accounting records and reconciliations should be promptly investigated and resolved. Any unidentified monies should be disposed of in accordance with state law.
- 1.4 Attempt to identify and distribute the funds held in old inactive bank accounts, dispose of any unclaimed or unidentified funds in accordance with state law, and close the accounts.
- 1.5 Establish procedures to ensure the accuracy of all inmate ledgers and available balances, including maintaining documentation for all commissary transactions, reviewing commissary order forms for accuracy, and deducting all commissary purchases from inmate balances.
- 1.6 Ensure existing and future commissary net proceeds not necessary to meet cash flow needs or current operating expenses are disbursed to the County Treasurer for deposit in the Inmate Prisoner Detainee Security Fund.
- 1.7 Maintain inventory records of commissary items and reconcile the records to purchases, sales, and periodic physical inventory counts.
- 1.8 Contact the DOR for guidance on establishing procedures for charging and collecting sales taxes on commissary sales, and ensure all future sales tax collections are remitted to the DOR.
- 1.9 Establish procedures to track, monitor, and pursue collection of amounts billed for civil paper service mileage.



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- 1.10 Work with the County Commission to obtain written agreements with counties and cities for the boarding of prisoners. In addition, the Sheriff and the County Commission should periodically analyze incarceration costs to ensure boarding prisoners at no charge is cost effective.
- 1.11 Maintain a complete and accurate seized property evidence listing and ensure periodic physical inventories are conducted and reconciled to the seized property evidence listing. Any differences should be investigated and resolved. In addition, all seized property should be properly tagged to identify the property to a specific case.

Auditee's Response

The Sheriff provided the following responses:

- 1.1 *I will segregate the accounting duties for the following accounts: civil paper service/bond, CCW, and commissary. I will also review each of these accounts monthly and I will personally sign off on each account after I have reviewed it.*
- 1.2 *Receipt slips will be issued when monies are received for the following accounts: civil paper service/bond, CCW, and commissary. Monies received for these accounts will be deposited in a timely manner. Civil paper service fees, CCW permit fees, and any commissary net proceeds will be disbursed to the County Treasurer monthly in accordance with state law.*
- 1.3 *A list of liabilities will be prepared monthly and reconciled to available cash balances. If a difference is found, it will be investigated immediately so that it may be resolved. The civil paper service/bond account was recently set up with online banking access. This is another way to check for liabilities and resolve these issues quickly.*
- 1.4 *All 3 old bank accounts have been closed. I will research the accounts further to attempt to locate the owners of the monies.*
- 1.5 *After careful consideration, the Jail Administrator has decided to go with an outside supplier for commissary needs. By using an outside vendor, this will ensure all inmate ledgers and balances will be accurate, sales tax will be collected and distributed to the DOR, and any profit checks will be sent directly to the County Treasurer.*
- 1.6 *With the use of an outside commissary supplier, the supplier will then be able to send the net proceeds monies directly to the County Treasurer to be deposited in the Inmate Prisoner Detainee Security Fund. Also, the Jail Administrator will be made aware of Section*



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488.5026.3, RSMo, and what the funds in this account shall be used for.

- 1.7 An inventory of commissary items will be maintained and this will be reconciled with the purchases and sales until the in-house commissary is closed and an outside commissary supplier takes over.*
- 1.8 The DOR will be contacted on the proper procedure for collecting taxes from commissary sales.*
- 1.9 Procedures will be established to track, monitor, and pursue collection of mileage for civil paper service.*
- 1.10 A prisoner boarding agreement will be written with the assistance of the County Commissioners and will be distributed to counties requesting to house inmates in the Madison County jail.*
- 1.11 A complete list of evidence will be maintained for each of the 2 evidence rooms. An annual inventory will be conducted on both evidence rooms. If any discrepancies are located, they will be investigated and corrected immediately.*

The County Commission provided the following response:

- 1.10 We will work with the Sheriff to implement the recommendation.*

2. Prosecuting Attorney's Controls and Procedures

Controls and procedures in the Prosecuting Attorney's office need improvement. The office collected approximately \$11,400 for bad check restitution and fees and \$24,400 for court-ordered restitution and fees during the year ended December 31, 2019.

2.1 Unidentified monies

The Prosecuting Attorney's bad check bank account had \$426 of unidentified monies at December 31, 2019. The Legal Assistant disburses all new receipts each month, and reconciles the bank balance to the unidentified balance of \$426 on a monthly basis. The Legal Assistant indicated the unidentified monies have been in the account for at least 15 years. Since records are not sufficient to identify to whom this money is owed, it should be disposed of in accordance with state law.

Maintaining unidentified balances in the bank account increases the risk of loss, theft, or misuse of such funds. Various statutory provisions address the disposal of unidentified monies.

A similar condition was noted in our prior audit report.



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2.2 Court-ordered restitution The Prosecuting Attorney has not established adequate procedures to ensure restitution amounts owed by defendants are accurately entered into the computer system.

During our test of restitution receipts, we noted the total restitution amount owed by the defendant per the computer system did not agree to documentation from the court for 3 of the 5 receipts reviewed. For example, court documentation indicated a defendant owed \$3,110; however \$2,530 was entered into the computer system for a difference of \$580. The Legal Assistant indicated the amount entered into the computer system was an error, and as of December 31, 2019, the defendant was still in the process of making restitution payments.

To ensure the accuracy of all amounts owed, and subsequently paid by defendants, restitution amounts entered into the computer system should be reviewed and compared with court documentation. Any differences should be promptly investigated and resolved to ensure the proper amount of restitution is collected.

Recommendations

The Prosecuting Attorney:

- 2.1 Disburse unidentified monies in accordance with state law.
- 2.2 Establish procedures to review restitution amounts entered into the computer system to ensure amounts agree with court documentation. Any differences should be promptly investigated and resolved.

Auditee's Response

- 2.1 *We will disburse the unidentified monies in accordance with state law.*
- 2.2 *We will be more diligent about entering restitution amounts into the computer system. Any differences identified will be investigated and resolved.*

3. Recorder of Deeds' Controls and Procedures

Controls and procedures in the Recorder of Deeds' office need improvement. The office collected approximately \$80,400 for recording documents such as marriage licenses and deeds, and for other miscellaneous receipts during the year ended December 31, 2019.

3.1 Receipts and disbursements

The Recorder of Deeds does not record some monies received and some receipts are not disbursed. In addition, the Recorder of Deeds does not account for the numerical sequence of receipt slip numbers.

Electronic payments

The Recorder of Deeds receives electronic payments for records access; however, these payments are not recorded in the computer system, are not



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assigned receipt numbers, and have not been disbursed. During the year ended December 31, 2019, \$1,350 in records-access receipts have accumulated in the Recorder of Deeds' bank account that should be disbursed.

Numerical sequence

The Recorder of Deeds does not account for the numerical sequence of receipt slip numbers issued to ensure monies received have been properly recorded and deposited.

To reduce the risk of loss, theft, or misuse of monies received, procedures should be established to ensure all monies received are properly receipted and disbursed appropriately. Section 50.370, RSMo, requires all county officials who receive fees or any other remuneration for official services to disburse such monies monthly to the County Treasurer. In addition, procedures should be established to account for the numerical sequence of receipt slips.

3.2 Unidentified monies

The Recorder of Deeds has not resolved the unidentified balance in her bank account. As of December 31, 2019, the reconciled bank balance was \$3,994. Of this amount, \$1,350 was identified as the accumulated records access receipts discussed in section 3.1. The remaining balance of \$2,644 appears to be money remaining in the bank account from the prior Recorder of Deeds. The Recorder of Deeds cannot locate the applicable records from the prior Recorder of Deeds to identify to whom this money is owed. As a result, it should be disposed of in accordance with state law.

Maintaining unidentified balances in the bank account increases the risk of loss, theft, or misuse of such funds. Various statutory provisions address the disposal of unidentified monies.

Recommendations

The Recorder of Deeds:

3.1 Ensure all monies received are properly receipted and disbursed and account for the numerical sequence of receipt slips issued.

3.2 Disburse unidentified monies in accordance with state law.

Auditee's Response

3.1 *The Recorder of Deeds' office has disbursed the fees for the electronic payments that had not been previously disbursed. We will now receipt and disburse these fees each month.*

The Recorder of Deeds' office is now making a paper list of the sequence of receipt numbers and instrument numbers for the documents that are recorded. Copies are included in these receipt numbers, but will not have a document instrument number. If a receipt has been deleted for some reason, such as rejecting a deed once we start recording, the information is written in red on our copy. Once the month is over, we print a computer copy of the sequence of



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receipt numbers (which includes instrument numbers). We compare the two lists and write down any deleted information on the computer copy. We then file these with the monthly reports.

Marriage licenses are listed the same way. The Recorder of Deeds' office is now keeping a hand-written list of marriage licenses that have been issued and recorded. Once the month has concluded, the computer list is printed and matched with the hand-written one. If anything has been deleted, it is written in red on both copies, then the lists are filed with the monthly reports.

- 3.2 *As previously explained, all monies for the electronic payment fees have been disbursed. I currently have an unidentified balance of \$963. The Recorder of Deeds' office is still trying to locate where the remaining amount goes. If that cannot be determined, the monies will be disbursed in accordance with state law.*

4. Property Tax Levy Reductions

The County Clerk did not use accurate assessed valuation amounts when performing his annual property tax reduction calculations. For example, the County Clerk's 2019 calculation did not include assessed valuation of \$5.6 million for railroad and utility property. As a result, the 2019 general revenue property tax levy was reduced by approximately \$16,000 more than required by law.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Madison County voters enacted a one-half of 1 percent general sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. To determine the required reduction in property tax revenue, the County Clerk must annually calculate an estimated property tax levy using the county's total assessed valuation, tax rate ceiling, and estimated sales tax revenue for the current year. Understating the assessed valuation in this calculation results in reducing the property tax levy by more than required. To ensure property tax levies are properly set, the County Commission and the County Clerk should ensure property tax reductions are accurately calculated, including using the correct assessed valuation.

Recommendation

The County Commission and the County Clerk properly calculate property tax rate reductions.

Auditee's Response

The County Clerk refigured the assessed value of Madison County including the railroad and utility assessed valuation for 2020. It changed the rollback amount which produced a General Revenue levy for 2020 of 0.1788. We will ensure the property tax rate reductions are properly calculated in the future.



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 Public Administrator, Recorder of Deeds, and Sheriff 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 and/or use passwords with a minimum number of characters to help ensure passwords remain known only to the assigned user.

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 or contain a minimum number of characters, 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 confidential, changed periodically, and contain a minimum number of characters to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

5.2 Security controls

The County Clerk, County Treasurer, Public Administrator, Recorder of Deeds, and Sheriff do not have security controls in place to lock computers after a specified number of incorrect logon attempts and/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 and effective procedures to remove user access, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

Recommendations

The County Commission work with other county officials to:

- 5.1 Require each employee to have a confidential password with a minimum number of characters that is periodically changed.
- 5.2 Require each county computer to have security controls in place to lock it after a specified number of incorrect logon attempts and after a certain period of inactivity.



Madison County
Management Advisory Report - State Auditor's Findings

Auditee's Response

The County Commission provided the following response:

We agree and will work with the other county officials to improve electronic data security controls.

The Recorder of Deeds provided the following responses:

5.1 *The Recorder of Deeds has contacted the county's information technology vendor to set up the password controls for this office's computers. The Recorder of Deeds' office will be requiring passwords be changed every 3 months. At this time, we are awaiting the arrival of a technician to set this up. The Recorder of Deeds also had the software company that we use set up a mandatory changing of passwords every 3 months within the software program.*

5.2 *Along with the passwords being mandatorily changed every 3 months, login attempt controls are being set up. This will be 3 login attempts before locking the computer or the recording software, whichever the login attempt is being tried on.*

The Sheriff provided the following responses:

5.1 *Each employee will have a confidential password that they will have to periodically change and that contains a certain amount of characters.*

5.2 *Each Sheriff's office computer will be assigned a password to be logged in and then will be set to lock after a specific amount of inactivity.*

The County Clerk provided the following response:

5.2 *Security of the computers in the County Clerk's office is now set to shut off after 10 minutes if no key strokes are made. One must log back in using their password. If that does not work, we must call our technology company to get the password reset.*

Madison County Organization and Statistical Information

Madison County is a county-organized, third-class county. The county seat is Fredericktown.

Madison 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 63 full-time employees and 16 part-time employees on December 31, 2019.

In addition, county operations include the Senate Bill 40 Board, Law Enforcement Restitution Board, and the Tax Increment Financing Commission. Also, the county has 911 operations.

Elected Officials

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

Officeholder	2020	2019
Jason Green, Presiding Commissioner	\$	28,184
Tom Stephens, Associate Commissioner		26,104
Larry Kemp, Associate Commissioner		26,104
Saundra K. Ivison, Recorder of Deeds		39,540
Donal E. Firebaugh, County Clerk		39,540
M. Dwight Robbins, Prosecuting Attorney		46,820
Katy J. McCutcheon, Sheriff		43,700
Jessica Stevens, County Treasurer (1)		22,812
Nadean Rice, County Treasurer (1)		16,728
Collin L. Follis, County Coroner		11,460
Carol LaChance, Public Administrator		25,916
Debby Boone, County Collector, year ended February 29,	39,540	
Sue Harmon Yount, County Assessor, year ended August 31,		39,540
William Douglas McFarland, County Surveyor (2)		

- (1) Nadean Rice served as County Treasurer until she resigned effective May 31, 2019. Jessica Stevens was appointed and took office on June 1, 2019.
- (2) William Douglas McFarland served as County Surveyor until he passed away on July 8, 2019. The position was vacant during the remainder of 2019. Compensation for the position is on a fee basis.