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Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Pemiscot County

County Collector and Property Tax System	The County Collector and her deputies do not always use the actual date of receipt when recording payments and do not retain documentation for mailed payments. As a result, the County Collector did not always properly assess some taxpayers penalties, commissions, and fees for late payments. The County Clerk's account book amounts for charges, collections, additions, and abatements were not accurate and did not agree to the year ended February 28, 2023, annual settlement amounts. The County Clerk's and Commission's review procedures are not adequate to verify the accuracy and completeness of the County Collector's annual settlements. The County Collector and her deputies have access rights in the property tax system allowing them to make changes to individual tax records and there is no independent review of changes made, including assessed valuation and tax changes in the system.
Sheriff's Controls and Procedures	Sheriff's office personnel do not always correctly record the method of payment on receipt slips issued for the general account, and do not always deposit receipts timely. Procedures for preparing bank reconciliations and liabilities listings are not adequate. The Sheriff does not ensure county jail personnel appropriately and timely disburse net proceeds from the inmate commissary account to the County Treasurer for deposit into the Inmate Prisoner Detainee Security Fund as required by state law. The Sheriff does not have adequate policies or procedures to ensure an inmate's remaining account balance is refunded upon release, including formally establishing a threshold for when balances will not be refunded due to insignificance. Sheriff's office personnel have not performed a physical inventory of all seized property.
Prosecuting Attorney's Controls and Procedures	The Prosecuting Attorney's office did not timely transmit court-ordered restitution payments to victims or the related fees to the County Treasurer, and fees are not always transmitted intact. Office personnel did not timely transmit \$27,353 in victim restitution and \$37,440 in related fees collected from January to December 2022. The Prosecuting Attorney has not established procedures to restrictively endorse checks and money orders upon receipt.
County Disbursements	The County Commission has not established guidelines for the use of county credit cards including the appropriate use, oversight, and required documentation to support credit card purchases. A review of credit card statements for the 30 days ended December 10, 2022, found the Sheriff did not submit supporting documentation for 6 transactions totaling \$714 to the County Clerk. The county spent approximately \$1,000 on food and gift card purchases that may not have been prudent, reasonable, or necessary uses of county funds, and the county does not have written policies on employer-provided food and gifts.
Sheriff's Compensation	The County Commission authorized mid-term salary increases totaling \$17,732 to the Sheriff in violation of constitutional provisions.

County Clerk's Controls and Procedures	The County Clerk does not reconcile receipts to transmittals to ensure all receipts are transmitted to the County Treasurer. A review of receipts and transmittal records for June 2022, totaling \$8,454, and records related to 4 of 11 liquor license fees collected during July and August 2022, found a \$303 check issued August 11, 2022, was not transmitted to the County Treasurer and was missing.
County Treasurer's Controls and Procedures	The County Treasurer has not established procedures to routinely follow up on outstanding checks in the County Treasurer's general bank account. As of April 30, 2023, 28 checks totaling \$22,862 had been outstanding for over a year, with the oldest check dating back to 2020.
County Budgets	The County Clerk did not timely submit a certified copy of the 2022 and 2021 county budgets to the State Auditor's Office in accordance with state law.
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.
Electronic Communication Policy	The county has not developed a records management and retention policy that includes electronic communication in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.
Subsequent Event	In August 2023, subsequent to our fieldwork, county personnel detected fraudulent activity committed by a third party in the county's primary bank account. County personnel took immediate action to investigate the issue. They contacted the Sheriff's office and bank officials, and are working with federal authorities as the investigation continues. The County Treasurer continues to actively monitor bank activity on a daily basis. In November 2023, the county implemented a positive pay system with the bank to help detect any fraudulent transactions and prevent them from processing. The bank has reimbursed the county for all fraudulent transactions identified as of December 31, 2023.

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.



## Recommendations in the audit of Pemiscot County

County Collector and Property Tax System	1.1	The County Collector implement procedures to record the actual payment date, as evidenced by the postmark, in the property tax system; retain documentation to support payment date recorded; and collect penalties, commissions, and fees on delinquent taxes as required by law.
	1.2	The County Clerk maintain a complete and accurate account book with the County Collector. In addition, the County Clerk and the County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.
	1.3	The County Commission and the County Clerk develop procedures to ensure all property tax changes are properly approved and monitored. In addition, the County Commission should work with the County Collector to ensure property tax system access is limited to only what is needed for the users to perform their job duties and responsibilities.
Sheriff's Controls and Procedures	The Sheriff:	
	2.1	Implement procedures to ensure the method of payment is indicated on all receipt slips, the composition of receipts is reconciled to the composition of deposits, and money received is deposited timely.
	2.2	Ensure adequate monthly bank reconciliations are prepared and maintain a cumulative book balance. In addition, the Sheriff should generate a monthly list of liabilities and reconcile the list to the available cash balance. Any differences, including any old deposits in transit, should be promptly investigated and resolved.
	2.3	Implement procedures to ensure commissary net proceeds not necessary to meet cash flow needs or current operating expenses are disbursed appropriately and timely to the County Treasurer for deposit into the Inmate Prisoner Detainee Security Fund. Also, the Sheriff should ensure adequate supporting documentation is maintained, and disbursements are independently reviewed and approved prior to payment. The Sheriff should work with the County Treasurer to resolve the excess disbursements.
	2.4	Establish formal policies and procedures to ensure inmates receive their remaining balances upon release or when insignificant amounts may be retained. 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.
	2.5	Ensure a periodic inventory of seized property is conducted and reconciled to the seized property evidence log, and investigate any differences.

Prosecuting Attorney's Controls and Procedures	<p>The Prosecuting Attorney:</p> <p>3.1 Transmit all receipts timely, intact, and in accordance with state law.</p> <p>3.2 Ensure checks and money orders are restrictively endorsed immediately upon receipt.</p>
County Disbursements	<p>The County Commission:</p> <p>4.1 Establish written guidelines regarding use of the county credit cards, including provisions for allowable uses, required documentation, and the approval process for credit card purchases.</p> <p>4.2 Ensure all disbursements are a necessary and prudent use of public funds. In addition, the County Commission should establish policies regarding food and gift purchases, if such purchases are considered necessary.</p>
Sheriff's Compensation	The County Commission discontinue the mid-term salary increase and consider various methods for possible recoupment of money already paid.
County Clerk's Controls and Procedures	The County Clerk reconcile receipts to transmittals to ensure all receipts are transmitted to the County Treasurer.
County Treasurer's Controls and Procedures	The County Treasurer 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 money should be disposed of in accordance with state law.
County Budgets	The County Clerk submit a certified copy of the county budget to the State Auditor's Office within 5 days of approval as required by state law.
Electronic Data Security	The County Commission work with other county officials to require each employee to use a unique user identification and password with a minimum number of characters that is periodically changed.
Electronic Communication Policy	The County Commission work with other county officials to develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.