



# Thomas A. Schweich

Missouri State Auditor

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## Clinton County



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November 2014  
Report No. 2014-119

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<http://auditor.mo.gov>



**Thomas A. Schweich**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Clinton County

Financial Condition	As noted in our prior audit, the financial condition of the General Revenue Fund remains poor. The ending cash balance is expected to decline from approximately \$6,000 at December 31, 2013, to \$385 at December 31, 2014. In order to make payroll obligations, the county transferred \$10,000 from the Tax Maintenance Fund to the General Revenue Fund in October 2013, and made an early turnover of tax collections of \$35,000 to the General Revenue Fund in November 2013.
Prosecuting Attorney's Controls and Procedures	Payments made by mail are not receipted or recorded immediately, receipts are not deposited timely, and checks are not restrictively endorsed immediately upon receipt.
Sheriff's Commissary Profits	The Sheriff maintains profits from commissary sales outside the county treasury and uses these monies to purchase items for the benefit of prisoners and the Sheriff's office. As of December 31, 2013, there was approximately \$3,500 of profits remaining in the commissary account that should be distributed to the Inmate Prisoner Detainee Security Fund.
Computer Controls	The County Assessor, Prosecuting Attorney, Ex Officio Recorder of Deeds, and County Treasurer 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 **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.

**All reports are available on our Web site: [auditor.mo.gov](http://auditor.mo.gov)**

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# Clinton County

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# **THOMAS A. SCHWEICH**

## **Missouri State Auditor**

To the County Commission  
and  
Officeholders of Clinton County

We have audited certain operations of Clinton County in fulfillment of our duties under Section 29.230, RSMo. In addition, Nichols, Stopp, and VanHoy, LLC, Certified Public Accountants, was engaged to audit the financial statements of Clinton County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. 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 operations, 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 contract 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 Clinton County.

An additional audit of the Clinton County Collector and Property Tax System, fulfilling our obligations under Section 52.150, RSMo, is still in process, and any additional findings and recommendations will be included in the subsequent report.

A handwritten signature in black ink, reading "Thomas A. Schweich". The signature is fluid and cursive, with the first name "Thomas" and last name "Schweich" clearly legible.

Thomas A. Schweich  
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Lori Melton, M.Acct., CPA
In-Charge Auditor:	Kenneth Erfurth
Audit Staff:	Amanda Messick
	Ruben Lara
	Keisha Williams
	Steven J. Barton

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# Clinton County Management Advisory Report State Auditor's Findings

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## **1. Financial Condition**

As noted in our prior audit report, the financial condition of the General Revenue Fund remains poor. The ending cash balance for the General Revenue Fund has decreased since the prior audit, and is not sufficient to handle any emergencies or unexpected decreases in receipts or increases in disbursements. According to the approved county budgets, the ending cash balance of the General Revenue Fund was approximately \$6,000 at December 31, 2012, and December 31, 2013, and is projected to be \$385 at December 31, 2014.

In order to meet payroll obligations of the General Revenue Fund, county officials transferred \$10,000 from the Tax Maintenance Fund to the General Revenue Fund in October 2013, and in November 2013 the County Collector made an early turnover of tax collections of \$35,000 to the General Revenue Fund. County Commissioners indicated General Revenue funding has been an ongoing concern and an early turnover from the County Collector has been required every November for several years to meet payroll obligations.

County Commissioners indicated they are aware of the financial condition concern and they are continually trying to reduce disbursements. They indicated the areas monitored closest are maintaining the jail facilities and housing inmates in other county facilities. Of the \$2.4 million in General Revenue Fund disbursements in 2013, \$503,026 or 21 percent of total disbursements were for prisoner housing.

It is essential the County Commission address the county's financial condition both in the immediate and long-term future. Reducing spending where possible, evaluating controls and management practices to ensure efficient use of county resources, and maximizing all sources of revenue are necessary to improve the county's financial condition.

## **Recommendation**

The County Commission closely monitor the county's financial condition and take the necessary steps to improve the financial condition of the General Revenue Fund.

## **Auditee's Response**

*The County Commission provided the following response:*

*We understand the finding as presented. We will take the recommendation under consideration and will continue to monitor budgets to the best of our abilities. We feel the 43rd Judicial Circuit policies not allowing independent bonding on state charges and not holding a drug court increases the number of prisoners held. As a result, these issues have a negative impact on our ability to monitor and control the budget.*



Clinton County  
Management Advisory Report - State Auditor's Findings

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## 2. Prosecuting Attorney's Controls and Procedures

Weaknesses exist in accounting controls and procedures in the Prosecuting Attorney's office. The Prosecuting Attorney's office processed monies for bad check and restitution receipts totaling approximately \$47,000 for the year ended December 31, 2013.

Receipting, recording, and depositing procedures are not adequate. Payments made by mail are not receipted or recorded immediately. During our cash count performed on April 15, 2014, we noted nine checks, totaling \$1,444, had not been receipted. These receipts, the oldest of which was dated March 25, 2014, were not recorded on receipt records until April 29, 2014, and deposited on April 30, 2014. In addition, checks are not restrictively endorsed immediately upon receipt.

To reduce the risk of loss, theft, or misuse of monies received, procedures should be established to ensure all monies received are properly receipted, promptly recorded, deposited timely, and restrictively endorsed immediately upon receipt.

### Recommendation

The Prosecuting Attorney ensure all monies are receipted and promptly recorded when received, receipts are deposited timely, and checks are restrictively endorsed immediately upon receipt.

### Auditee's Response

*The Prosecuting Attorney provided the following written response:*

*The Prosecuting Attorney's office agrees that a change in receipting, depositing, and endorsing procedures is appropriate, and office policy changes have already been made. Deposits are now made semi-monthly, and checks are to be receipted and recorded promptly upon receipt. The Prosecuting Attorney's office has been significantly defunded in recent years, resulting in a too-heavy workload for current staff. While adjustments have currently been made to adopt the audit findings as best as practicable, further improvements are difficult until office funding for staff is restored. Although the audit discovered weaknesses in existing practices, all monies received by the Prosecuting Attorney's office have been accounted for.*

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## 3. Sheriff's Commissary Profits

The Sheriff maintains profits from commissary sales outside the county treasury and uses these monies to purchase items for the benefit of prisoners and the Sheriff's office. During the year ended December 31, 2013, the commissary earned a profit of \$1,810 and the Sheriff purchased prisoner supplies such as soap, sheets, towels, and other items for the prison using \$1,451 of this money. The County Commission did not approve these purchases and they did not go through the normal county procurement and budget process. As of December 31, 2013, there was approximately \$3,500 of profits remaining in the commissary account that should be distributed to the Inmate Prisoner Detainee Security Fund.



Clinton County  
Management Advisory Report - State Auditor's Findings

Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or 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 (profits) into the county Inmate Prisoner Detainee Security Fund.

## Recommendation

The Sheriff ensure existing and future commissary profits not necessary to meet cash flow needs or current operating expenses are turned over to the County Treasurer for deposit to the Inmate Prisoner Detainee Security Fund.

## Auditee's Response

*The Sheriff provided the following response:*

*I have partially implemented the recommendation and continue to take steps to completely comply. We will turn over the fund to the County Treasurer in November 2014.*

## 4. Computer Controls

Controls over county computers are not sufficient to prevent unauthorized access by requiring periodic password changes. As a result, county records are not adequately protected and are susceptible to unauthorized access.

The County Assessor, Prosecuting Attorney, Ex Officio Recorder of Deeds, and County Treasurer have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees are not required to change passwords on a periodic basis and share passwords.

Passwords are required to authenticate access to computers. The security of a computer password is dependent upon keeping passwords confidential. However, since passwords do not have to be periodically changed and are shared, there is less assurance passwords 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 and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

## Recommendation

The County Assessor, Prosecuting Attorney, Ex Officio Recorder of Deeds, and County Treasurer require unique passwords for each employee that are kept confidential and periodically changed, to prevent unauthorized access to the county's computers and data.

## Auditee's Response

*The County Assessor provided the following response:*

*I agree with the finding and will implement the auditor's recommendation by January 1, 2015.*





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Clinton County  
Management Advisory Report - State Auditor's Findings

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*The Prosecuting Attorney provided the following response:*

*I agree with the recommendation and this is something that we do need to implement and will implement the recommendation by November 15, 2014.*

*The Ex Officio Recorder of Deeds provided the following response:*

*I agree with the finding and will implement the auditor's recommendation by November 15, 2014.*

*The County Treasurer provided the following response:*

*I agree with the finding and will implement the auditor's recommendation by November 15, 2014.*

# Clinton County

## Organization and Statistical Information

Clinton County is a county-organized, third-class county. The county seat is Plattsburg.

Clinton County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 60 full-time employees and 21 part-time employees on December 31, 2013.

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	2014	2013
Wade Wilken Jr., Presiding Commissioner	\$	30,566
Charles Dawson, Associate Commissioner		28,486
Larry King, Associate Commissioner		28,486
Molly Livingston, Circuit Clerk and Ex Officio Recorder of Deeds (1)		55,131
Mary Blanton, County Clerk (2)		50,163
Bill Burris, Prosecuting Attorney (3)		26,520
Eric Tate, Prosecuting Attorney (3)		4,420
Joe Gagnon, Prosecuting Attorney (3)		22,100
K. Porter Hensen, Sheriff		47,840
Leann Gump, County Treasurer		43,160
Kathleen M. Little, County Coroner		15,438
Nancy D. Wingate, Public Administrator		52,011
Sharon Cockrum, County Collector (4), year ended February 28,	71,930	
Jerry Howard, County Assessor, year ended August 31,		45,410

- (1) Compensation is paid by the state.
- (2) Includes \$7,003 of commissions earned for preparing city property tax books.
- (3) Bill Burris resigned in June 2013. Eric Tate served as Interim Prosecuting Attorney during July 2013. Joe Gagnon was appointed by the Governor in August 2013.
- (4) Includes \$28,770 of commissions earned for collecting city property taxes.



Clinton County  
Organization and Statistical Information

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Financing  
Arrangements

The county has entered into 4 lease-purchase agreements for vehicles and road and bridge equipment. Principal and interest payments are made from the Special Road and Bridge Fund. The final payment for the lease-purchases is scheduled to occur in 2016. The remaining principal balance at December 31, 2013, was \$313,288. Interest remaining to be paid over the life of the agreements totals \$15,249.