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Missouri State Auditor

Harrison County



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Harrison County

Financial Condition	As noted in two prior audits, the county commission has failed to address the poor financial condition of the 911 Fund, and the financial condition of the Law Enforcement Sales Tax Fund has deteriorated. The amount of General Revenue Fund money used to support these funds has increased significantly over the past several years and, as a result, the financial condition of the General Revenue Fund has declined.
Sheriff's Commissary Controls and Procedures	As noted in three prior audits, the sheriff has not adequately segregated accounting duties for the commissary bank account and does not perform an independent and/or supervisory review of the accounting and bank records. No monthly lists of liabilities are generated to reconcile to the available cash balance for the commissary bank account. The sheriff's office has not made timely disbursements to the county treasury for commissions, net proceeds, fees, and reimbursements collected from inmates. As noted in a prior audit, personnel do not maintain inventory records to account for electronic cigarettes or debit card stock to account for items purchased or received, sold or issued, and remaining amounts on hand. The sheriff's office has not made adequate efforts to resolve inactive inmate commissary accounts. The sheriff's office collects a \$2.50 fee from inmates at booking to cover the cost of personal hygiene items, that is not allowable by state law.
Sheriff's Controls and Procedures	The sheriff maintains a bank account for donations received for the purchase and care of a drug and search dog, although no statutory authority exists for this account to be held outside the county treasury. The sheriff does not have adequate controls and procedures to account for money in this account. As noted in a prior audit, the sheriff has not adequately segregated accounting duties for the general bank account and does not perform an independent and/or supervisory review of the accounting and bank records. Also, as noted in a prior audit, controls and procedures for receipting, recording, and depositing bond monies need improvement and seized property inventory records are not accurate and complete and a periodic inventory of all seized property is not performed. The sheriff has not entered into a written agreement with the City of Bethany for the boarding of inmates.
Prosecuting Attorney's Controls and Procedures	The prosecuting attorney allows defendants to make a contribution to the county's Law Enforcement Restitution Fund as a condition of deferring charges, in violation of state law. The prosecuting attorney has not adequately segregated accounting duties and does not perform an independent and/or supervisory review of the accounting and bank records. The office does not generate a monthly list of unpaid bad checks and restitution, and is not proactive in identifying unpaid receivables. The office has not established procedures to follow up on outstanding or voided checks.

County Procedures	As noted in two prior audits, the county commission has not increased the amount transferred from the Law Enforcement Sales Tax Fund to the 911 Fund or the amounts charged to other entities for dispatching services. In addition, the county commission has no documentation to demonstrate how the amounts charged to the Law Enforcement Sales Tax Fund and other entities were derived and has not evaluated the related costs since at least 2010. The county lacks adequate procedures to account for fuel use and purchases by the road and bridge department and sheriff's office. Adequate supporting documentation was not submitted or retained for some purchases made on the county's three credit cards and late fees and interest charges were incurred for some purchases on the sheriff's credit card.
Ex Officio Recorder of Deeds' Receipt Procedures	The ex officio recorder of deeds does not account for the numerical sequence of document numbers issued. In addition, instrument numbers can be voided in the computer system and a new document can be recorded with the same number. Documentation is not maintained to support deleted instrument numbers.
Electronic Data Security	County records are not adequately protected and are susceptible to unauthorized access. The county collector-treasurer, prosecuting attorney, ex officio recorder of deeds, sheriff, and public administrator have not established adequate password controls to reduce the risk of unauthorized access to computers and data. The offices of the prosecuting attorney, sheriff, and public administrator do not require password changes on a periodic basis. Officials and employees share user IDs and passwords for some computers in the offices of the county collector-treasurer, sheriff, prosecuting attorney, ex officio recorder of deeds, and public administrator. Security controls are not in place for most county offices to lock a computer after a certain period of inactivity.
Additional Information	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 R. GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Harrison County

We have audited certain operations of Harrison County in fulfillment of our duties under Section 29.230, RSMo. In addition, McBride, Lock & Associates, LLC, Certified Public Accountants, was engaged to audit the financial statements of Harrison County for the 2 years ended December 31, 2014. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2014. The objectives of our audit were to:

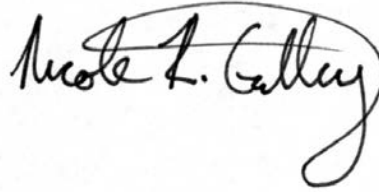
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

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 Harrison 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:

Deputy State Auditor:	John Luetkemeyer, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
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In-Charge Auditor:	Julie A. Moulden, MBA, CPA
Audit Staff:	Ruben Lara
	Emily Warren

Harrison County Management Advisory Report State Auditor's Findings

1. Financial Condition

As noted in our 2 prior audits, the County Commission has failed to properly address the poor financial condition of the 911 Fund. In addition, the financial condition of the Law Enforcement Sales Tax (LEST) Fund has deteriorated.

The amount of General Revenue (GR) Fund monies used to support these other funds has increased significantly over the past several years. As a result, the financial condition of the GR Fund has declined. The following table reflects ending cash balances of these funds over the last 2 years and the projected ending cash balance for 2015.

	Ending Cash Balance, Year Ended December 31,		
	2015 Budgeted (1)	2014 Actual (2)	2013 Actual (2)
911 Fund			
Ending cash balance with transfers	\$ 49,244	46,460	4,812
Ending cash balance without transfers	(165,591)	(171,498)	(182,882)
Law Enforcement Sales Tax Fund			
Ending cash balance with transfers	5,808	5,829	10,237
Ending cash balance without transfers	(114,590)	(68,643)	(85,541)
General Revenue Fund			
Ending cash balance with transfers	714,205	978,932	980,722
Ending cash balance without transfers	\$ 1,057,188	1,279,104	1,267,427

(1) Amounts obtained from 2015 county budget documents.

(2) Amounts obtained from audited financial statements.

As shown, if transfers of monies had not been made to the 911 or LEST Funds to cover deficits, these funds would have had even lower cash balances, and the GR Fund would be in a better financial position. The 911 Fund heavily relies on transfers from the GR Fund and those transfers (\$188,000) represented approximately 50 percent of the 911 Fund receipts (\$379,377) for 2014. The LEST Fund also transferred \$30,000 to the 911 Fund in 2014. We identified the following additional concerns related to these funds:

- The county has a significant amount of debt that further erodes the financial condition of the LEST and 911 Funds. The largest of the debt is principal and interest outstanding on the Certificates of Participation (COPs) for the law enforcement center. The remaining principal and interest outstanding on the portion of the debt related to the law enforcement center was \$978,660 at December 31, 2014. The COPs mature in 2022. Additionally, the county entered into two 60 month



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lease-purchase agreements to purchase 911 dispatching software and equipment. The total remaining lease payments due as of December 31, 2014, was \$187,280. The lease-purchase agreements mature in 2016 and 2018.

- The County Commission has not increased the \$30,000 amount transferred annually from the LEST Fund to the 911 Fund or the amounts charged to other entities for dispatching services. In addition, the County Commission has not documented its basis for transferring amounts from the LEST Fund to the 911 Fund or for determining the amounts to charge other entities for dispatching services, and has not evaluated whether amounts charged are sufficient to cover the actual cost of providing services (see MAR finding number 5.1).

It is essential the County Commission address the financial condition of these funds in both the immediate and long-term future. Possible options include reducing spending where possible, evaluating controls and management practices to ensure efficient use of resources, maximizing all sources of revenue, and closely monitoring budgets.

Recommendation

The County Commission perform long-term planning and closely monitor and take necessary steps to improve the financial condition of the 911 and Law Enforcement Sales Tax Funds. In addition, the County Commission should take advantage of any opportunities to decrease disbursements and maximize revenues.

Auditee's Response

We are aware of the issues and will monitor the financial condition of the 911 Fund and the LEST Fund. We will attempt to develop long-term plans for the next several years; however, there is no statewide 911 tax on cell phones, which hinders our ability to generate or increase revenues for the 911 Fund. We will attempt to decrease expenditures and maximize revenues where possible.

2. Sheriff's Commissary Controls and Procedures

Controls and procedures in the commissary need improvement.

The Sheriff operates a 42 bed facility, housing Harrison County inmates and inmates from a city and neighboring counties. The Sheriff maintains a separate checking account to handle personal inmate monies and provides a commissary and other services including telephone, email, and video visitation through outside vendors. The Sheriff also began selling electronic cigarettes to inmates in 2014.

The county contracted with a third party vendor and installed a new computerized accounting and kiosk receipting system in July 2013. The jail has 2 kiosks (one in the lobby and one in the booking area) allowing individuals to apply cash or credit card deposits to inmate accounts. The



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Sheriff's Secretary periodically removes the cash from the kiosks and deposits it into the commissary bank account. The monies received, commissary and electronic cigarette purchases made, other purchases and fees, and available cash for each inmate are recorded in the computerized accounting system. Jailers refund any remaining inmate monies by issuing a debit card or check at the time of release. Deposits into the commissary bank account totaled approximately \$32,100 during the year ended December 31, 2014.

2.1 Segregation of duties

The Sheriff has not adequately segregated the duties of receiving, recording, depositing, and disbursing monies, and reconciling the commissary bank account. The Secretary performs all of these duties, and a documented independent and/or supervisory review of the accounting and bank records is not performed.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, independent and/or supervisory reviews should be performed and documented.

2.2 Liabilities

The Secretary does not generate monthly lists of liabilities to reconcile to the available cash balance for the commissary bank account. We worked with the accounting and kiosk receipting system vendor to obtain a report of liabilities as of May 31, 2015, that indicated total liabilities of \$11,047. The liabilities included inmate monies totaling \$1,284; amounts owed to vendors totaling \$1,770; and amounts owed to the county treasury totaling \$7,993.

Liabilities should be identified monthly and reconciled to cash balances to ensure sufficient cash is available for the payment of all amounts due and all monies in the bank account can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed.

2.3 Commissions and fees

The Sheriff's office has not made timely disbursements to the county treasury for commissions, net proceeds, fees, and reimbursements collected from inmates. The Sheriff's office last disbursed some commissions and net proceeds in September 2014 but did not disburse fees and reimbursements. The Sheriff's office held \$7,993 in commissions, net proceeds, fees, and reimbursements in the commissary bank account as of May 31, 2015.

Section 221.102, RSMo, 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 (net proceeds) into the county Inmate Prisoner Detainee Security Fund held by the County Collector-



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Treasurer. In addition, to adequately account for collections and reduce the risk of loss, theft, or misuse of funds, all remaining monies should be disbursed to the County Collector-Treasurer monthly.

2.4 Inventory

The Jail Administrator does not maintain records to account for electronic cigarettes purchased and sold to inmates, and inventory remaining on hand. Cases of electronic cigarettes are periodically purchased for \$2.97 per cigarette and held by the Jail Administrator until sold to inmates for \$6 per cigarette. The Sheriff's office purchased \$7,275 in cigarettes during 2014. Significant revenues are generated from the sale of this item, therefore, proper accounting controls and procedures are needed.

Additionally, the Jail Administrator does not maintain records to account for debit card stock received, issued, and on hand. The Sheriff's office received 200 debit cards during the year ended December 31, 2014, for use in refunding monies to inmates upon release.

Loss, theft, or misuse of the inventory and related monies may go undetected without adequate inventory records and procedures. Also, detailed inventory records are necessary to account for electronic cigarettes and debit card stock. Comparison of purchases and sales of cigarettes and receipt and issuance of debit card stock to inventory records are necessary to ensure these items and associated monies are properly recorded and handled.

2.5 Inmate commissary balances

The Sheriff's office has not made adequate efforts to review and resolve inactive inmate commissary accounts. As of May 31, 2015, 86 former inmates had remaining balances totaling \$750. These individuals were released from the county jail, but did not claim the balance in their commissary accounts. In addition, the Secretary has not established procedures to review and write off amounts due from former inmates who were provided goods or services but did not have sufficient monies available. As of May 31, 2015, receivables from 53 former inmates totaled \$320.

Follow up on inactive accounts is necessary to ensure monies are appropriately disbursed to the former inmates or as otherwise provided by state law. An attempt should be made to locate former inmates with commissary account balances. If the inmates cannot be located the Sheriff should dispose of the monies according to state law. In addition, periodic reviews of inactive inmate accounts with outstanding amounts due is necessary to ensure amounts owed are collected or to determine if amounts are uncollectible.

2.6 Hygiene kit fees

The Sheriff's office is collecting a \$2.50 fee that is not allowable by state law. According to office personnel, the fee is collected from inmates or



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charged to the inmates' commissary account at the time of booking and covers the cost of hygiene items provided to the inmate during their confinement in the county's jail.

There is no statutory authority allowing the Sheriff to charge and collect such a fee at the time of booking. Attorney General's Opinion No. 124-2009 to the Phelps County Prosecuting Attorney states a county Sheriff's office may not charge a booking fee unless the power to do so has been expressly or impliedly granted. There is no express authority for the Sheriff to charge a booking fee and the Sheriff may not charge a booking fee before a person has entered a guilty plea or had an adjudication of guilt.

Similar conditions
previously reported
Recommendations

A similar condition to section 2.1 was noted in our 3 prior audit reports and a similar condition to section 2.4 was noted in our prior audit report.

The Sheriff:

- 2.1 Adequately segregate accounting duties or ensure an independent or supervisory review of accounting and bank records is performed and documented.
- 2.2 Ensure a list of liabilities is generated monthly and reconcile the cash balance to the list of liabilities. Any differences should be investigated and promptly resolved.
- 2.3 Ensure existing and future commissions and net proceeds from the sale of commissary items and electronic cigarettes not necessary to meet cash flow needs or current operating expenses are disbursed to the County Collector-Treasurer for deposit into the Inmate Prisoner Detainee Security Fund. In addition, ensure all remaining monies are disbursed to the County Collector-Treasurer monthly.
- 2.4 Maintain inventory records of electronic cigarettes and debit card stock and reconcile these records to cigarettes purchased and sold and debit card stock received and issued. Also, the Sheriff should perform periodic physical inventory counts.
- 2.5 Establish procedures to routinely review inactive accounts and timely disburse monies to former inmates. An attempt should be made to resolve unclaimed commissary balances. If the former inmates cannot be located, the monies should be disbursed in accordance with state law. In addition, perform periodic reviews of inactive inmate accounts with outstanding amounts due and determine if amounts are uncollectible.



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Auditee's Response

2.6 Discontinue charging and collecting the fee for hygiene kits at the time of booking.

2.1 *Due to limited staffing, segregation is not feasible. I immediately implemented a monthly supervisory review once this issue was brought to my attention. I am now reviewing bank statements and related records monthly to ensure the accuracy of each account.*

2.2 *I immediately implemented a monthly comparison once this was brought to my attention. We are now generating a list of liabilities monthly and reconciling to the cash balance and we will investigate any discrepancies.*

2.3 *Due to various changes that have occurred in commissary procedures, including introduction of new items, which can be purchased by inmates, we had maintained additional monies in the account to ensure we would have sufficient monies available to purchase inventory. After auditors brought this to our attention, we have been disbursing commissions, net proceeds, fees, and reimbursements to the County Collector-Treasurer monthly. We are only retaining a limited amount of monies in the account for cash flow needs to replenish items for which we maintain an inventory such as electronic cigarettes.*

2.4 *Once auditors brought this to our attention we immediately started performing monthly physical inventory counts of electronic cigarettes, debit cards, and other inventory items sold to inmates. We retain records of these inventory counts. We are implementing a new computer software program, which will assist with maintaining a perpetual inventory count of these items.*

2.5 *The jail has started issuing debit cards to any inmates released from jail. If the inmate is transferred to another jail, he/she is issued a paper check. Any monies in the account for inactive inmates has been transmitted to the County Collector-Treasurer to be handled as unclaimed property in accordance with state law. For any outstanding amounts due, we are now zeroing those balances once the inmate is released and submitting documentation of amounts owed to the court for collection if the inmate is convicted.*

2.6 *We have discontinued collecting this fee from inmates held in the jail. We are now submitting documentation of amounts owed to the court for collection if the inmate is convicted.*



3. Sheriff's Controls and Procedures

Controls and procedures need improvement. The Sheriff's office collected approximately \$178,000 in bonds; fees for civil process service, sex offender registration, and issuing conceal carry weapon permits; and telephone card and video communication commissions for the year ended December 31, 2014.

3.1 Account held outside treasury

The Sheriff maintains a bank account outside the county treasury to account for donations received for the purchase and care of a drug and search dog. According to bank records, receipts of \$11,480 and disbursements of \$10,707 were processed through this account between October 2013 and June 2015.

There is no statutory authority allowing the Sheriff to maintain this account outside the county treasury. Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such monies to the County Collector-Treasurer. In addition, Attorney General's Opinion No. 45-1992 to the Hickory County Prosecuting Attorney states sheriffs are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury.

3.2 Drug and search dog monies

The Sheriff does not have adequate controls and procedures to account for monies in the drug and search dog bank account.

- Receipt slips are not issued and other records of donations received are not maintained. The only record of monies received is deposit slips.
- Adequate supporting documentation was not retained for 10 disbursements totaling \$10,000 between October 2013 and June 2015. All disbursements are made by counter check or cash withdrawal because the Sheriff does not have official checks for this account.
- Monthly bank reconciliations are not performed and a transaction register balance is not maintained.

To reduce the possibility of loss, theft, or misuse of funds, receipt slips should be issued and a record of all donations received should be maintained. In addition, all disbursements should be supported by a vendor invoice to ensure the obligation was actually incurred and the disbursement represents an appropriate use of public funds. Further, monthly bank reconciliations are necessary to ensure accounting records are in agreement with bank records and to identify errors timely.

3.3 Segregation of duties

The Sheriff has not adequately segregated the duties of receiving, recording, depositing, and disbursing monies, and reconciling the general bank account. The Secretary performs all of these duties, and a documented



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independent and/or supervisory review of the accounting and bank records is not performed.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, independent and/or supervisory reviews should be performed and documented.

3.4 Bond monies

Controls and procedures for receipting, recording, and depositing bond monies need improvement. Jailers collect cash bonds and prepare bond forms and booking reports. The jailers put the bond monies and the bond form in a sealed envelope and place the envelope in the locked bond box. The Secretary gets the envelopes from the box, issues receipt slips, and prepares the deposit. The Secretary files the original bond form with the court; however, a copy of the bond form is not retained unless payment was made by credit card. We noted the following concerns during our review of bond monies:

- Bond forms are not prenumbered and voided bond forms are not retained.
- Jailers do not issue receipt slips or prepare a bond log for the bond monies received. Additionally, the Secretary does not issue a receipt slip for bonds paid using a credit card that are transmitted to the bank account from a third party vendor.
- The Secretary does not retain copies of bond forms for cash bonds. Five cash bonds were deposited from June 16 to June 20, 2014. The Circuit Clerk provided the bond form for the 3 cash bonds submitted to the Circuit Clerk's office. The Sheriff could not locate the bond forms for the other 2 cash bonds totaling \$293.

Properly receipting, recording, and depositing bond monies is necessary to ensure receipts are adequately safeguarded and to reduce the risk of loss, theft, or misuse of funds going undetected.

3.5 Seized property

Seized property inventory records are not accurate and complete and a periodic inventory of all seized property is not performed. The Sheriff's office maintains an evidence log of all seized property on hand. Our review of 18 cases determined the following:

- The Sheriff could not locate cash seized for 6 of the 7 cases where the evidence log indicated cash was seized. The Sheriff indicated these monies had likely been returned to the defendant or victim; however, the dispositions had not been recorded on the evidence log and the Sheriff was unable to provide other supporting documentation of the



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disposition. As a result, cash totaling \$1,028 could not be located and cannot be accounted for properly.

- The Sheriff could not locate property items for 9 of the 11 cases selected from the evidence log. The Sheriff indicated the property for all 9 cases had been returned to the owner, sold, or otherwise disposed of; however, the dispositions had not been recorded on the evidence log. Subsequently, the Sheriff was able to provide other supporting documentation related to the disposition for 5 of the 9 cases. Documentation for the other 4 cases was not provided.

Considering the often sensitive nature of seized property, accurate and complete inventory records of all seized property items, including information such as description, current location, case number, date of seizure, and disposition of such property, are necessary to ensure all items are accounted for properly. Section 542.301, RSMo, provides the process for the disposition of unclaimed seized property. Proper disposal of such items would eliminate the significant risks of unauthorized access, use, or theft. Furthermore, adequate documentation should be maintained to support the chain of custody and release of seized property. Also, periodic inventories should be performed and the results compared to inventory records to ensure seized property is accounted for properly.

3.6 Board of prisoners

The Sheriff has not entered into a written agreement with the City of Bethany for the boarding of inmates detailing the inmate housing rate to be paid, the services to be provided, or any required notification for emergency or non-routine situations. Similar agreements have been entered into with other political subdivisions.

Written agreements, signed by the parties involved, should specify the services to be rendered and the manner and the 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. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

Similar conditions previously reported Recommendations

Similar conditions to sections 3.3, 3.4, and 3.5 were noted in our prior audit report.

The Sheriff:

- 3.1 Turn over all monies for the drug and search dog to the County Collector-Treasurer.
- 3.2 Ensure receipt slips or other records of donations received are maintained and ensure adequate supporting documentation of



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disbursements is retained. Also, ensure monthly bank reconciliations are performed timely.

- 3.3 Adequately segregate accounting duties or ensure an independent or supervisory review of accounting and bank records is performed and documented.
- 3.4 Ensure prenumbered receipt slips are issued for all bond monies received and prenumbered bond forms are issued, retained, and accounted for properly.
- 3.5 Maintain complete and accurate seized property inventory records. Documentation of all seized property dispositions, by sales or other means, should be maintained and the approval of all dispositions should be documented and retained. In addition, the Sheriff should perform a periodic physical inventory of seized property, reconcile it to the evidence log, and investigate any differences.
- 3.6 Enter into written agreements with other political subdivisions as appropriate, and ensure the agreements are signed by all parties and specify the services to be rendered and the manner and amount of compensation to be paid.

Auditee's Response

- 3.1 *Prior to opening this account, an attorney advised me that I was allowed to proceed with opening the account. Based on the auditor's recommendation, I have closed the account and turned over the remaining balance to the County Collector-Treasurer to be held in a county fund.*
- 3.2 *The drug dog monies are now held by the county and receipts for any purchases will be submitted to the County Clerk. Any future donations will be submitted to the County Collector-Treasurer.*
- 3.3 *Due to limited staffing, segregation is not feasible. I immediately implemented a monthly supervisory review once this issue was brought to my attention. I am now reviewing bank statements and related records monthly to ensure the accuracy of each account.*
- 3.4 *All bond forms will now be retained and all bond monies received will be receipted on the one-write ledger. The bond box is now opened in the presence of 2 employees to verify amounts received as compared to the bond form.*
- 3.5 *After this issue was brought to my attention, we performed a full inventory of the property and evidence room. Any evidence that was no longer needed was disposed of properly and supported by a*



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court order. Future inventories will be performed and we plan to periodically dispose of unneeded items. We updated our inventory records as appropriate and believe they are complete and accurate. I also placed a video camera in the evidence room. All of the items identified as problems by the auditors relate to items seized prior to my term as Sheriff. I require officers to complete proper records for every piece of evidence.

3.6 *A contract with the necessary terms and conditions will be drafted and signed by both the city and county.*

4. Prosecuting Attorney's Controls and Procedures

Controls and procedures need improvement. The Prosecuting Attorney's office collected approximately \$102,000 in bad check restitution, court-ordered restitution, and related fees during the year ended December 31, 2014.

4.1 Deferred prosecution

The Prosecuting Attorney defers prosecution of criminal cases by allowing defendants to make a voluntary contribution to the county's Law Enforcement Restitution (LER) Fund as a condition of deferring charges, in violation of state law. The LER Fund was established in February 2015. The amount of contributions agreed to and accepted by the Prosecuting Attorney and deposited to the LER Fund totaled \$11,525 between February 18, 2015, and July 9, 2015.

The Prosecuting Attorney does not have express authority to require a contribution to a county fund to defer prosecution in criminal cases. Section 50.565, RSMo, provides for the deposit of certain assessments and payments into the county law enforcement restitution fund; however, this statute relates to a court ordering an assessment after a plea or finding of guilt.

4.2 Segregation of duties

The Prosecuting Attorney has not adequately segregated the duties of receiving, recording, depositing, and disbursing monies, and reconciling the bank account. The Administrative Assistant performs all of these duties, and a documented independent and/or supervisory review of the accounting and bank records is not performed.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, independent and/or supervisory reviews should be performed and documented.

4.3 Accounts receivable

The Prosecuting Attorney's office does not generate a monthly list of unpaid bad checks and restitution, and is not proactive in identifying cases with



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unpaid receivables. Improvements are needed to better monitor and pursue collection of receivables.

At our request, the Administrative Assistant generated a receivables report as of May 26, 2015. The bad check accounts receivable listing included 1,797 bad checks with amounts due totaling \$270,346 and the restitution accounts receivable listing included 124 cases with amounts due totaling \$260,842. We reviewed 6 bad check cases and identified 4 cases totaling \$10,192 that were not collectible because the complainant did not submit enough documentation for charges to be filed; however, these cases were not marked uncollectible and/or the balances owed were not adjusted. In addition, the Prosecuting Attorney's office recorded the wrong case numbers for 4 of 12 restitution cases reviewed and probation termination dates were not accurately recorded or updated for 9 of 12 restitution cases reviewed. Probation termination dates are needed to ensure collection of monies prior to a defendant's release from probation.

A complete and accurate list of unpaid bad checks and restitution would allow the Prosecuting Attorney's office to more easily review the amounts due and to take appropriate steps to ensure amounts owed are collected.

4.4 Outstanding and voided checks

The Administrative Assistant has not established procedures to routinely follow up on outstanding checks or on checks issued that have been subsequently voided. As of April 30, 2015, 50 checks totaling \$3,012 had been outstanding for over a year. In addition, other monies remain in the account from previously voided checks that were not reissued.

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

Recommendations

The Prosecuting Attorney:

- 4.1 Discontinue the practice of requiring donations to the county Law Enforcement Restitution Fund as part of deferring charges filed.
- 4.2 Adequately segregate accounting duties or ensure an independent or supervisory review of accounting and bank records is performed and documented.
- 4.3 Maintain an accounts receivables record and establish procedures to monitor and collect accounts receivables. The Prosecuting Attorney should also periodically review case information for accuracy.



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- 4.4 Establish procedures to routinely investigate outstanding checks including checks issued and subsequently voided, but not reissued. Old outstanding checks should be voided and reissued to payees that can be readily located. The Prosecuting Attorney should determine if the checks issued and subsequently voided, can now be reissued to the payee. If payees cannot be located, the monies should be disbursed in accordance with state law.

Auditee's Response

- 4.1 *I disagree with this finding. We use these contributions as a tool for punishment and place defendants on supervised or unsupervised probation. The contributions are required as a condition of the agreement to ensure that the defendants receive some type of punishment without losing any financial aid they might be receiving. I do not believe the statute prohibits our collection under the circumstances in which we do so.*
- 4.2 *I have been reviewing monthly bank reconciliations and periodically compare receipts to deposits. I have also begun initialing these records to document my review.*
- 4.3 *A list of unpaid bad checks and restitution will be printed and reviewed on a quarterly basis.*
- 4.4 *We are in the process of voiding outstanding checks that are more than two years old and issuing new checks to any payees that can be located. We will forward any monies for payees that cannot be located to the State Treasurer in accordance with state law. In the future, outstanding checks will be investigated and resolved on an annual basis.*

5. County Procedures

Improvement is needed in the county's procedures over charges for dispatching services, fuel use and purchases, and credit card purchases.

5.1 Dispatching services

As noted in our 2 prior audits, the County Commission has not increased the amount transferred from the LEST Fund to the 911 Fund or the amounts charged to other entities for dispatching services, or evaluated the related costs in many years. Total disbursements from the 911 Fund have continued to increase each year as the cost of providing services increases. In addition, the County Commission has no documentation to demonstrate how the amounts charged to the LEST Fund and other entities were derived.

The 911 center provides emergency and non-emergency dispatch services to various political subdivisions. Between 2011 and 2014, the county made an annual transfer of \$30,000 from the LEST Fund to the 911 Fund for dispatching provided to the Sheriff's office and collected \$53,000 per year from 3 political subdivisions contracting for services. The County



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Commission has no documentation to demonstrate how the amounts charged to the LEST Fund and the other entities were derived and has not evaluated the related costs since at least 2010.

The county should perform a periodic review of the amount transferred from the LEST Fund to the 911 Fund and the contract amounts to related costs. In addition, the county should base these amounts on a measure of actual activity or some comparable basis and document the basis. This analysis is necessary to ensure the county is covering the costs of the services provided and to ensure compliance with the restrictions on the allowable uses of the LEST Fund.

5.2 Fuel

The county lacks adequate procedures to account for fuel use and purchases by the road and bridge department and Sheriff's office. The road and bridge department uses 3 bulk fuel tanks for its vehicles and equipment. The Sheriff's office has five fuel cards for office vehicles. In addition, the Sheriff's deputies charge on account for fuel at 2 other gas stations. The Sheriff's office purchased about \$25,000 in fuel and the road and bridge department purchased about \$17,000 in fuel for the year ended December 31, 2014.

- The road and bridge department does not reconcile fuel purchases for bulk tanks to usage recorded to the fuel log. We reviewed activity recorded on the fuel log for the period June 9, 2014, to September 9, 2014. At the end of this period, fuel purchased to fill the unleaded tank totaled 462 gallons but fuel recorded on the log as dispensed totaled 423 gallons, for a difference of 39 gallons.
- The county did not always obtain signed sales slip receipts to ensure fuel was purchased by a county employee, and the Sheriff's office does not reconcile the amounts billed to individual receipts to ensure all charges are appropriate. Our review of a Sheriff's fuel card invoice for March 2014 noted 15 of the 30 purchases did not have supporting sales slip receipts. As a result, the Sheriff cannot reconcile fuel purchases to fuel billings and the county paid invoices despite not having signed sales slip receipts to support all of the fuel purchases billed.

Failure to reconcile fuel used to fuel purchases could result in theft and misuse going undetected. Additionally, to ensure all charges actually incurred and amounts paid are proper, all disbursements should be supported by signed sales slip receipts and approved by the applicable department incurring the charges before payment of the invoice.

5.3 Credit cards

Controls over credit cards need improvement. The county has 3 credit cards that can be used by elected officials and the Sheriff's office has a credit card.



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The county disbursed approximately \$22,000 to credit card vendors between January 2014 and June 2015.

Adequate supporting documentation was not submitted or retained for some purchases. We reviewed monthly billings from all 3 vendors for the year ended December 31, 2014, and January through June 2015. Although the credit card statements were retained, the County Clerk could not provide invoices, sales slip receipts, or other supporting documentation for various county and Sheriff's office purchases totaling \$2,158 including all 5 purchases from the May 2015 statement for the Sheriff's credit card. In addition, the County Clerk could not locate the credit card statement and supporting documentation for the Sheriff's credit card from May 2014 totaling \$1,765, though the bill had been paid by the county. We also noted supporting documentation submitted for some purchases totaling \$3,701 did not include a sales slip receipt or invoice and was not adequate. For example, documentation submitted included expense vouchers for postage purchases that were prepared by the former Prosecuting Attorney and a packing slip that indicates what was received but not the amount charged. Additionally, the county paid \$156 in late fees and \$162 in interest charges on the Sheriff's credit card from January 2014 through June 2015.

Detailed supporting documentation, such as itemized receipts and vendor invoices, should be maintained for all credit card transactions and reconciled to the credit card statements by someone other than the cardholder. Without adequate supporting documentation and proper approval, the county is unable to ensure purchases are for legitimate goods or services. In addition, failure to pay bills promptly exposes the county to unnecessary costs.

Recommendations

- 5.1 The County Commission perform a periodic review of the costs associated with dispatching services and base the transfers from the LEST Fund to the 911 Fund, and contracts with political subdivisions for dispatching, upon a measure of actual activity or some comparable basis. In addition, documentation of the calculation and data that supports it should be maintained.
- 5.2 The County Commission and County Clerk ensure a documented periodic reconciliation of fuel purchases to fuel used by the road and bridge department is performed, and any significant discrepancies are investigated. In addition, adequate supporting documentation should be obtained for all Sheriff's office fuel purchases.
- 5.3 The County Commission require adequate documentation be maintained and reconciled to monthly credit card statements. In addition, implement procedures to ensure bills are paid timely to avoid late fees and finance charges.



Auditee's Response

- 5.1 *We have previously discussed this issue and believe it is not feasible to attempt to cover the total cost of providing 911 dispatching services with reimbursements. The entities who reimburse the county for dispatching services annually have limited funding. We will review the statistics of the call volume and costs of the dispatching services provided, and perform and document a calculation to determine if changes should be made. This will include consideration of possible incremental increases in the amount transferred from the LEST Fund and amounts charged to other political subdivisions.*
- 5.2 *For the road and bridge department, we will begin to periodically reconcile fuel purchases and usage and investigate discrepancies. In addition, we will work with the Sheriff to ensure adequate supporting documentation is submitted for fuel purchased by the Sheriff's office.*
- 5.3 *We will ensure adequate documentation is submitted, maintained, and reconciled to monthly credit card statements. We have implemented procedures to ensure credit card bills are paid timely to avoid late fees and finance charges.*

6. Ex Officio Recorder of Deeds' Receipt Procedures

The Ex Officio Recorder of Deeds does not account for the numerical sequence of instrument numbers issued. The Ex Officio Recorder of Deeds collects various fees for recording documents such as deeds and marriage licenses. During the year ended December 31, 2014, receipts totaled approximately \$58,000.

The Ex Officio Recorder of Deeds issues an instrument number for each document recorded instead of issuing prenumbered receipt slips. The Ex Officio Recorder of Deeds does not generate a daily report of all instrument numbers issued. Instead, the Ex Officio Recorder of Deeds uses the daily fee report that includes the instrument numbers to prepare the deposit; however, this report only includes activity for fees already collected. The Ex Officio Recorder of Deeds also generates an uncollected fees report to determine amounts due on account for certain customers; however, that report does not include the instrument numbers. In addition, instrument numbers can be voided in the computer system and a new document can be recorded with the same instrument number. Documentation is not maintained to support the deletion of instrument numbers or the reason for the deletions. The computer system is not capable of producing a report to account for the instrument numbers deleted and reissued.

To properly account for monies received and reduce the risk of loss, theft, or misuse of funds, the numerical sequence of instrument numbers should be



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accounted for and documentation should be maintained to support the deletion of instrument numbers and the reason for the deletions.

Recommendation

The Ex Officio Recorder of Deeds account for the numerical sequence of instrument numbers and maintain documentation to support the deletion of instrument numbers.

Auditee's Response

The land report is now printed and reviewed each Friday and includes all land and copy instrument numbers. In addition, we will immediately begin printing and reviewing a report of all marriage license numbers each Friday. This process will allow me to review the numerical sequence. Any missing or skipped instrument numbers will be investigated. Further, we will continue to work with our software vendor to ensure voided instrument numbers cannot be reused and create a weekly report for voided instrument numbers.

7. 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.

7.1 User passwords

The County Collector-Treasurer, Prosecuting Attorney, Ex Officio Recorder of Deeds, Sheriff, and Public Administrator have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees in the Prosecuting Attorney, Sheriff, and Public Administrator's offices are not required to change passwords on a periodic basis. In addition, officials and employees share the user identification (ID) and password for certain computers in the County Collector-Treasurer, Sheriff, Prosecuting Attorney, Ex Officio Recorder of Deeds, and Public Administrator's offices. For example, the Jail Administrator and the jailers know the user ID and password for the Sheriff Secretary's computer in order to issue debit cards or checks upon the release of inmates.

Passwords are required to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, since passwords do not have to be periodically changed in certain offices and are shared by employees in some cases, 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.

7.2 Security controls

Security controls are not in place for most county offices to lock a computer after a certain period of inactivity. Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs and data



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files. Without effective security controls, 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:

- 7.1 Require unique passwords for each employee that are confidential and periodically changed to prevent unauthorized access to county's computers and data.
- 7.2 Require each county computer to have security controls in place to lock the computer after a certain period of inactivity.

Auditee's Response

We will work with the various elected county officials and the county's computer technology professional to establish adequate password and security controls.

Harrison County

Organization and Statistical Information

Harrison County is a township-organized, third-class county. The county seat is Bethany.

Harrison 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 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 41 full-time employees and 6 part-time employees on December 31, 2014. The townships maintain county roads.

In addition, county operations include the Senior Citizens' Services Board, the Law Enforcement Restitution Fund Board, and 911 services.

Elected Officials

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

Officeholder	2015	2014
Jack W. Hodge, Presiding Commissioner	\$	25,760
Rick J. Smith, Associate Commissioner		23,760
Jim Holcomb, Associate Commissioner		23,760
C. Sherece Eivins, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Jackie Deskins, County Clerk		36,000
Johnathan L. Meyer, Prosecuting Attorney		43,000
Josh Eckerson, Sheriff		40,000
Jeremy Eivins, County Coroner		10,000
Kimberly King, Public Administrator		36,000
Cheryl Coleman, County Collector-Treasurer, year ended March 31,	36,000	
Lila Mae Craig, County Assessor, year ended August 31,		36,000

(1) Compensation is paid by the state.