



Nicole Galloway, CPA  
Missouri State Auditor

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# Ozark County



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Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Ozark County

### Sheriff's Controls and Procedures

The Sheriff has not adequately segregated accounting duties and does not perform a supervisory review of accounting and bank records. One employee is responsible for receipting, recording, depositing and disbursing funds, increasing the risk of loss, theft or misuse without sufficient oversight. Additionally, office personnel do not issue receipt slips for some payments, deposit money for phone card sales timely, or adequately secure money until it is deposited or transmitted. Employees not authorized to sign checks have access to the sheriff's signature stamp and blank checks, and the sheriff lacks sufficient procedures to ensure payments are collected from other counties that board prisoners in the Ozark County jail. The sheriff also has not entered into written agreements with those counties that board prisoners, as required by law.

### Property Tax System and County Collector's Controls and Procedures

The county clerk does not maintain records summarizing property tax charges, transactions and changes. Additionally, the county commission failed to adequately review and approve a recent annual settlement prepared by the county collector. Auditors identified a negative cash total in one cash drawer, and the county collector lacked documentation to explain the negative total. Auditors determined money had been refunded in cash to a taxpayer for an overpayment made via money order. The county collector's failure to reconcile receipts to the composition of deposits (cash, check, or money order) increased the risk of loss, theft or misuse of funds.

### Prosecuting Attorney's Controls and Procedures

The prosecuting attorney does not perform a documented supervisory review of accounting records maintained by the one employee in his office who receipts, records and transmits payments and fees. The office also does not keep a detailed record of money collected, and receipt slips are not issued for monies received. The prosecuting attorney's office lacks procedures to ensure money is properly transmitted when payments are made by defendants for bad checks. Auditors reviewed records kept by the county treasurer reflecting money received from the prosecuting attorney's office, but they were unable to trace a number of transactions. The prosecuting attorney's office does not have adequate procedures to monitor and collect payment on bad checks.

### Payroll Controls and Procedures

Payroll controls and procedures affecting county employees in a number of offices need improvement. As noted in two previous audits, the county clerk does not maintain centralized leave records for employees of the sheriff's department, which maintains its own records. Without centralized records, the county commission cannot ensure leave usage and balances are accurate and that county practices comply with federal law. The sheriff's department did not follow county policy when calculating compensatory time in a number of situations and the county policy fails to address the use of unearned leave. Employees prepare and submit timesheets approximately one week in advance of the payroll distribution, and some timesheets inaccurately reflect employees' scheduled hours rather than actual hours worked.

Disbursements	The county commission failed to retain documentation of bids for health insurance, for which counties must seek competitive bids at least every 3 years. The county commission also did not solicit bids for property and liability insurance or bulk fuel purchases, in violation of state law. The sheriff's office spent \$7,602 in 2014 from its revolving fund on expenses of which two-thirds should have been allocated to other funds due to restrictions on revolving fund purchases.
Electronic Data Security	Numerous county offices lack sufficient password controls over computers, increasing the risk of unauthorized access to data. Employees in a number of offices do not have to change their passwords periodically or have a minimum number of characters in the passwords. Some officials and employees in the county clerk's office share user identification and password information for certain computers. The sheriff and public administrator do not store backup data at an off-site location, and the county commission does not back up its computer data. A number of county offices also do not require computers to lock after a certain period of inactivity or have security controls in place to lock a computer after a specified number of incorrect logon attempts.
Recycling Center's Controls and Procedures	The county's recycling center does not issue receipt slips for money received or record receipts in a ledger, preventing auditors from determining whether all money received was transmitted to the county treasurer. The center also does not restrictively endorse checks or record amounts withheld from transactions for use in a change fund.
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**

To the County Commission  
and  
Officeholders of Ozark County

We have audited certain operations of Ozark County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones and Associates, Certified Public Accountants, was engaged to audit the financial statements of Ozark 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:

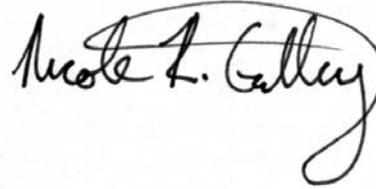
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

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 Ozark 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:	Keriann Wright, MBA, CPA
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# Ozark County

## Management Advisory Report

### State Auditor's Findings

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#### **1. Sheriff's Controls and Procedures**

Controls and procedures in the Sheriff's department need improvement. The Sheriff's department collected monies for civil fees, concealed carry weapon (CCW) permits, bonds, jail phone commissions, and other miscellaneous receipts totaling approximately \$75,000 for the year ended December 31, 2014. The Sheriff's department also collected monies for boarding and transporting of prisoners and dispatching fees but did not maintain sufficient records to easily identify amounts collected.

##### 1.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and does not perform a supervisory review of accounting and bank records. The Bookkeeper is responsible for receipting, recording, depositing, and disbursing monies received at the front desk, billing, receiving, and transmitting monies for inmate transportation reimbursement claims, and reconciling bank accounts.

To reduce the risk of loss, theft, or misuse of funds, proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, the Sheriff should implement a documented independent or supervisory review of accounting and bank records.

##### 1.2 Receipting, recording, and depositing

Controls and procedures over receipting, recording, and depositing monies need improvement.

- The Bookkeeper does not issue receipt slips for payments received for board bills, transportation reimbursements, and dispatching fees. These monies are transmitted to the County Treasurer without being receipted or recorded.
- Manual receipt slips issued for inmate monies are not reconciled with monies posted to the inmate computer system used to track inmates' balances. The computer system generates a receipt slip number for each receipt posted, but these numbers are not indicated on the manual receipt slips.
- Receipts from phone card sales are not deposited timely. Deposits are typically made every 2 weeks, total more than \$600, and consist mostly of cash.
- Monies received are not adequately secured until deposit or transmittal. The Bookkeeper stores receipts on her desk accessible by all department employees. In addition, inmate monies are stored in an unlocked closet and receipts from phone card sales are stored in a desk in the jail's booking/dispatch area also accessible by all department employees.



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- The composition of receipts (cash, check, or money order) is not reconciled to the composition of deposits. The Bookkeeper lists each receipt slip number and the receipt amount on the deposit slip, but does not always indicate when the amount received was cash.

Failure to implement adequate receipting, recording, and depositing procedures increases the risk that loss, theft, or misuse of monies could occur and go undetected. Issuing prenumbered receipt slips for all monies received, reconciling manual receipt slip information to postings to the inmate computer system, storing receipts in a secure location until deposit, depositing and transmitting all receipts intact and timely, and reconciling the composition of receipts to the composition of deposits is necessary to ensure all receipts are handled and accounted for properly.

A similar condition was noted in our prior audit report.

### 1.3 Disbursements

The Sheriff's facsimile signature stamp and blank checks are not adequately controlled.

The Bookkeeper uses a facsimile stamp to apply the Sheriff's signature on checks, and only one signature is required on the checks. Blank checks and the facsimile stamp are both maintained in areas accessible to employees not authorized to sign checks. In addition, the Bookkeeper does not initial to indicate use nor is there any review of the checks stamped. The use of the facsimile stamp diminishes the controls intended by the approval signature.

To safeguard against possible loss, theft, or misuse of funds and to ensure disbursements are properly handled, the Sheriff should establish controls over the use of and access to the facsimile stamp and blank checks. If the Sheriff is unavailable to sign checks, he should subsequently document his review of checks where his signature stamp was used.

### 1.4 Boarding of prisoners

The Sheriff does not have proper controls and procedures in place to ensure collection of amounts billed for boarding of prisoners or transmittal of amounts received, and the Sheriff has not entered into written agreements with surrounding counties for the boarding of prisoners.

The Jail Administrator prepares and sends board bills to other counties approximately 4 times per year. As noted in section 1.2, the Bookkeeper does not record receipt of board bill payments, but forwards payments made to the County Treasurer. Neither the Bookkeeper nor the County Treasurer report amounts received to the Jail Administrator. As a result, the Jail Administrator is unable to determine amounts collected or otherwise monitor billed amounts to ensure payments are received and transmitted to the County Treasurer. The Jail Administrator's records indicate amounts billed to other counties during 2014 totaled \$10,890.



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Also, the Sheriff has not entered into written agreements with other counties 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.

Procedures such as independent reconciliations of billing records to jail records and payments received should be established to ensure prisoner housing is properly billed, collected, and transmitted to the County Treasurer. Proper records and follow up procedures are also necessary to safeguard against possible loss, theft, or misuse of funds going undetected. 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.

## Recommendations

The Sheriff:

- 1.1 Segregate accounting duties or ensure independent or supervisory review of accounting and bank records are performed and documented.
- 1.2 Establish procedures to ensure all monies received are properly receipted and recorded, maintained in a secure location, and deposited timely. The Sheriff should also ensure the composition of receipts agrees to the composition of deposits and manual receipt slip information is reconciled to postings to the inmate computer system.
- 1.3 Establish controls over the use of and restrict access to the signature stamp and blank check stock.
- 1.4 Develop procedures to ensure collection of costs for boarding prisoners and transmittal of payments received. In addition, the County Commission and Sheriff should obtain written agreements with other entities for the boarding of prisoners.

## Auditee's Response

*The Sheriff provided the following responses:*

- 1.1 *We have implemented a system of reviews. I sign off on all of the Bookkeeper's work including receipt slips, checkbooks, and bank statements. In my absence, the Chief Deputy, performs and documents his review. I am working on segregating the responsibilities of the CCW programs by implementing an additional employee working on the CCW procedures. There will also be a periodic independent review of billings and collections.*



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- 1.2 *We have implemented procedures to record all monies received in receipt books. All monies on hand are placed in locked boxes and deposits are made on a weekly basis. We are in the process of building a wall to secure the Bookkeeper's desk and limit the access to this part of the office. The method of composition is being recorded on the receipt slips and the deposit slips and will be reconciled. We will begin recording transaction numbers from the inmate computer system on the manual receipt slips and reconciling between the receipt slips and the system.*
- 1.3 *We have discontinued the use of and destroyed the facsimile stamp. We have restricted access to the blank checks by placing the checks in a locked box with limited access.*
- 1.4 *Board bill payments are now paid directly to the County Treasurer. The Jail Administrator is receiving receipt slips from the County Treasurer and reconciling the receipt slips to bills sent. I am working with the other counties to prepare a written agreement to document the terms for boarding prisoners.*

*The County Commission provided the following response:*

- 1.4 *The County Commission agreed with the Sheriff's plans to obtain written agreements for boarding prisoners.*

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## **2. Property Tax System and County Collector's Controls and Procedures**

Property tax system and the County Collector's controls and procedures need improvement. The County Collector collected approximately \$4.2 million in property taxes and other monies during the year ended February 28, 2015. Partial payments at February 28, 2015, totaled approximately \$8,000.

### **2.1 Review of activity**

Neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes. In addition, the County Clerk and County Commission did not adequately review and approve the County Collector's annual settlement for the year ended February 28, 2015.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable to the county treasury. An account book or other records that summarizes all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County



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Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector are complete and accurate and could also be used by the County Clerk and the County Commission to verify the County Collector's annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

## 2.2 Partial payments

The County Collector does not always issue receipt slips for partial payments received, and does not adequately follow up on inactive partial payments.

The County Collector accepts partial payments from taxpayers who are unable to pay their tax bills in full and maintains a ledger of partial payments received from taxpayers. The County Collector issues receipt slips for some cash receipts, hand writes the amount paid on the tax statement for some cash receipts, and only issues receipt slips for check or money order receipts upon taxpayer request.

The County Collector indicated he writes a note on each tax statement with a partial payment balance to let taxpayers know how much is available when mailing new tax statements each year, but leaves it up to the taxpayer to tell him to apply these monies to balances owed or issue a refund if no tax is due. Of the 59 partial payments held by the County Collector on February 28, 2015, 16 partial payments had no activity for over a year, including 2 with no activity since 2011 and 5 with no activity since 2012. After our review, the County Collector applied 5 of these partial payments to taxes owed and refunded 11 others to taxpayers or their estates.

To ensure all monies received for partial payments are properly recorded and deposited and to reduce the risk of loss, theft, or misuse of funds, the County Collector should issue receipt slips for all partial payments received, and follow up on old inactive partial payments.

## 2.3 Deposits and refunds

The County Collector does not reconcile the cash/check composition of receipts on the daily reports to the composition of deposits. Our review of the daily reports for December 29, 2014, indicated a negative cash total of \$389 in one cash drawer while checks and money orders were \$389 more than receipted in the other cash drawer. We determined this difference occurred because a payment of 2 money orders totaling \$2,000 was posted in the system for payment of taxes totaling \$1,611 and the remaining \$389 was refunded in cash to the taxpayer from the other cash drawer. While we subsequently identified and obtained documentation to explain the difference, the original payment amount was not corrected in the system and the County Collector did not maintain documentation to explain the reason for the \$389 difference or that a refund was distributed in cash.



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To adequately account for collections and reduce the risk of loss, theft, or misuse of funds, the composition of receipts should be reconciled to the composition of deposits and any differences promptly investigated and adequately documented. In addition, all disbursements should be made by check through the normal disbursement procedure, and supported by adequate documentation.

## Recommendations

- 2.1 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.
- 2.2 The County Collector issue receipt slips for all partial payments received and periodically perform a documented follow up on partial payment accounts with no activity.
- 2.3 The County Collector reconcile the composition of receipts on the daily abstract to the composition of deposits. In addition, issue all refunds by check and maintain supporting documentation of refunds.

## Auditee's Response

*The County Clerk provided the following response:*

- 2.1 *I did review the County Collector's monthly settlements and compared the amounts to the annual settlement for the year ended February 28, 2016. I am working to determine the most efficient and effective method to track the property tax activity and agree it to the annual settlement.*

*The County Commission provided the following response:*

- 2.1 *We will perform a documented review of the annual settlement in the future.*

*The County Collector provided the following responses:*

- 2.2 *My office is discouraging the use of partial payments. When payments are made, a receipt slip is issued. A review of the partial payment system was begun while the office was being audited and accounts without activity for more than 14 months have been refunded and closed. Effective July 9, 2015, accounts without activity within 14 months have been closed.*
- 2.3 *I will be using 2 cash drawers, now that we have adequate room to operate, during tax season. This will streamline the cash/check*



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*operation during tax season. Proper documentation is being made on validator tapes if/when there is something unusual during processing payments. Making change is extremely unusual when a taxpayer is paying with check or money order. Every effort will be made to ensure that checks or money orders are for exact amounts. If change is needed, a check will be issued for amounts over \$10.*

### **3. Prosecuting Attorney's Controls and Procedures**

Controls and procedures need improvement in the Prosecuting Attorney's office. The office processed bad check restitution and fees totaling at least \$5,805 for the year ended December 31, 2014.

#### **3.1 Segregation of duties**

The Prosecuting Attorney has not adequately segregated accounting duties and does not perform a documented supervisory review of accounting records. The Legal Assistant is responsible for receipting, recording, and transmitting payments and fees to the applicable party. The Prosecuting Attorney indicated he opens the mail and reviews the listing of bad checks every other month but does not document any of these reviews.

To reduce the risk of loss, theft, or misuse of funds, proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, the Prosecuting Attorney should implement a documented independent or supervisory review of accounting records.

#### **3.2 Receipting and transmitting**

Receipt slips are not issued for monies received, and money orders are not restrictively endorsed immediately upon receipt. A detailed record of monies collected is not maintained by the Prosecuting Attorney's office.

While the Legal Assistant makes a copy of each money order, places it in the defendant's file, and marks paid on the listing of bad checks received, there is no procedure to ensure all monies are properly transmitted to victims and the County Treasurer. The listing of bad checks did not indicate any dates when payments were received or transmitted. At our request, the Legal Assistant prepared a list of receipts transmitted to victims during 2014 totaling \$4,285 and we computed \$1,520 in associated fees that should have been transmitted to the County Treasurer. However, we were unable to trace 7 receipts totaling \$210 from the list of receipts to the County Treasurer's records, and the County Treasurer's records included 8 receipts totaling \$336 that were not shown on the list of receipts. As a result, there is less assurance all receipts were properly recorded and transmitted.

To ensure monies are accounted for properly and transmitted intact, pre-numbered receipt slips should be issued for all monies received, the method of payment should be indicated on each receipt slip, and the composition of



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receipt slips issued should be reconciled to the composition of the amounts transmitted to the County Treasurer. In addition, money orders payable to the county should be restrictively endorsed immediately upon receipt.

### 3.3 Bad check tracking procedures

The Prosecuting Attorney has not established adequate procedures to properly track, monitor, and collect payment on bad checks, and does not adequately monitor the disposition of all bad checks submitted to the office for collection. Merchants are not always required to submit bad check complaint forms when turning over bad checks for collection. The Legal Assistant maintains a listing of bad checks submitted to the Prosecuting Attorney; however, it is not updated timely and does not contain necessary information such as dates to indicate: check issuance, receipt of bad check, receipt of payment, transmittal to victim and County Treasurer, or filing with the court. As a result, the Prosecuting Attorney cannot easily identify the status of all bad checks.

To ensure bad checks are handled and accounted for properly, the office should require submission of a bad check complaint form along with the bad check and the collection and disposition of each bad check should be tracked. According to the Missouri Bad Check Prosecution Handbook prepared by the Missouri Office of Prosecution Services, the Prosecuting Attorney's office must have an initial complaint form upon which all essential data concerning the original check transaction can be recorded to begin processing the bad check. This form is to contain all necessary factual information as this form may eventually become the basis for the probable cause statement required for filing charges. A complete and accurate list of unpaid bad checks would allow office personnel to more easily review amounts due and take appropriate steps to ensure amounts due are collected.

### Similar conditions previously reported Recommendations

Similar conditions to sections 3.2 and 3.3 were noted in our prior 2 audit reports.

The Prosecuting Attorney:

- 3.1 Segregate accounting duties or ensure independent or supervisory review of accounting records are performed and documented.
- 3.2 Issue receipt slips for all monies received and reconcile receipt slips to amounts transmitted to the County Treasurer. Additionally, the Prosecuting Attorney should ensure money orders are restrictively endorsed immediately upon receipt.
- 3.3 Implement procedures to adequately track the receipt and disposition of all bad check complaints.



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## Auditee's Response

- 3.1 *It is not fiscally possible to segregate the duties. I will try to review records as time allows.*
- 3.2 *The Karpel system has been installed and we anticipate it will help implement the procedures of issuing receipt slips and reconciling them to transmittals. We will obtain a stamp to restrictively endorse money orders issued to the county as they are received.*
- 3.3 *We will load the information into Karpel. It is my understanding Karpel will track the activity on the bad checks and payments made on the bad checks.*

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## 4. Payroll Controls and Procedures

Controls and procedures over payroll need improvement.

4.1 Centralized leave records The County Clerk does not maintain centralized leave records for Sheriff's department employees. While records of vacation and sick leave and compensatory time earned, taken, or accumulated are prepared and maintained by the Sheriff's department, they are not submitted to the County Clerk monthly.

Without centralized records, the County Commission cannot ensure employees' compensatory time and leave usage and balances are accurate. Centralized records also aid in ensuring equitable treatment of employees, and compliance with federal regulations.

4.2 Compensatory leave The county does not have adequate procedures to ensure Sheriff's department employees are compensated in accordance with the county's personnel policy and Fair Labor Standards Act (FLSA) requirements. The county's personnel policy in accordance with the FLSA requires compensatory time to be awarded at a rate of time and one-half for hours exceeding 171 hours in a 28-day period.

Sheriff's department personnel do not follow county policy when calculating compensatory time. For example, a deputy worked only 141.5 hours in a 28-day period and received 10.5 hours of compensatory time because hours worked on 3 of those days exceeded 8 hours. Per the county policy and the FLSA, the employee should not have received any compensatory time.

In addition, Sheriff's department personnel do not properly calculate compensatory time for deputies working additional hours patrolling the national parks within the county. The Sheriff entered into contracts with the Corps of Engineers and the Forest Service to perform patrolling services (uniformed deputies in county patrol vehicles) of Bull Shoals and Norfolk lakes and the Mark Twain National Forest. Deputies record hours worked



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patrolling the parks separately on their timesheets and receive compensation of \$14 per hour, which is higher than their normal rate. Park patrol hours are not included in hours worked when calculating compensatory leave earned. For example, a deputy worked 169 hours performing routine work and 21 hours patrolling the parks for a total of 190 hours worked during a 28 day period. The employee worked 19 hours in excess of the 171 hour threshold, and should have earned 28.5 (19 x 1.5) hours of compensatory leave. However, the deputy only received 10.5 hours of compensatory leave, computed based on the methodology noted in the previous paragraph and excluding the park patrol hours from the calculation.

Accurate compensatory time calculation procedures are necessary to ensure compliance with county policy and the FLSA, and to ensure the equitable treatment of county employees.

#### 4.3 Leave balances

The county's personnel policy does not address the use of unearned leave and compensatory time was used in excess of available balances, resulting in a negative compensatory leave balance. For example, we noted a Sheriff's department employee had a negative compensatory leave balance for 9 months ranging from September 2014 through June 2015.

To ensure the equitable treatment of employees, the personnel policy should be updated to address the use of unearned leave and employees should not be allowed to carry negative leave balances.

#### 4.4 Advanced payments

The County Clerk's office distributes payroll for all employees on the last working day of each month for the period ending the last day of the month. Timesheets are prepared and submitted approximately one week in advance of the payroll distributions. In addition, timesheets provided to the County Clerk from the Sheriff's department are not accurate because they reflect the employees' scheduled hours instead of the actual hours worked. As a result, employees are paid in advance for their services, and may lead to errors and the potential for employees to be over/under paid.

To ensure payroll disbursements are appropriate and demonstrate compliance with the FLSA, the County Commission should require adequate documentation to support all payroll transactions.

#### Similar conditions previously reported

Similar conditions to sections 4.1 and 4.2 were noted in our prior 2 audit reports.

#### Recommendations

- 4.1 The County Clerk ensure centralized records of vacation leave, sick leave, and compensatory leave are maintained for all county employees.



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- 4.2 The County Commission develop procedures to ensure compensatory leave for Sheriff's department employees is calculated in compliance with the county personnel policy and the FLSA.
- 4.3 The County Commission revise the county personnel policy to address the use of unearned leave and discontinue the practice of allowing negative leave balances.
- 4.4 The County Commission should discontinue compensating employees in advance of receiving services.

## Auditee's Response

*The County Clerk provided the following response:*

- 4.1 *We will work with the Sheriff to move all leave records to the County Clerk's office and maintain centralized leave records for all county employees.*

*The County Commission provided the following responses:*

- 4.2 *The County Clerk, Sheriff, and County Commission will review the procedures of tracking the Sheriff employees hours worked and the compensatory policy to ensure we are providing compensatory leave in accordance with county policy and FLSA for all hours worked for routine patrolling for the Sheriff and for the park patrol agreement.*
- 4.3 *We will review situations that could result in unearned leave and determine the best policy to address the concern. We agree to discontinue the practice of allowing negative leave balances.*
- 4.4 *We will design a new timesheet to be used by all offices to show all actual time worked for the end of the prior month and the current month to ensure all payments are based on actual hours worked.*

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## 5. Disbursements

As similarly noted in our prior report, county procedures related to bidding need improvement and disbursements from the Sheriff's Revolving Fund were not always appropriate.

### 5.1 Bidding

The County Commission did not retain documentation of bids for health insurance and did not solicit bids for property and liability insurance and bulk fuel purchases. The County Clerk indicated the county's health insurance agent performs the bidding every 3 years but the County Commission did not request or retain information regarding those bids. Further, the County Commission discussed potential health insurance bids with other agents, but did not maintain any documentation of these



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discussions. Also, the County Commission has not solicited bids for property and liability insurance since 2010 or bulk fuel since 2013. The Road and Bridge department has 11 bulk fuel tanks at various locations throughout the county. The county paid approximately \$70,000 for health insurance, \$71,000 for property and liability insurance, and \$167,000 for Road and Bridge department fuel during the year ended December 31, 2014.

Section 67.150, RSMo, requires competitive bidding at least every 3 years for health insurance. Section 50.660, RSMo, provides bidding requirements. Routine use of a competitive procurement process for major purchases ensure necessary services are obtained from the best-qualified vendor at a reasonable cost and all interested parties are given an equal opportunity to participate in county business. Documentation of various proposals received, and the county's selection process and criteria should be retained to demonstrate compliance with applicable laws or regulations and support decisions made.

**5.2 Sheriff's Revolving Fund** The Sheriff did not ensure all disbursements from the Sheriff's Revolving Fund during 2014 were allowable per state law. The Sheriff spent \$7,602 for a monitor, router, 3 computers, and also paid for the installation of these items for multiple department purposes, including the processing of prisoners into the jail. The Sheriff's Bookkeeper indicated approximately one-third of the time spent on these computers is related to concealed carry weapon transactions; therefore, the costs of these items should have been allocated accordingly among the appropriate funds.

Under Section 50.535, RSMo, Sheriff's Revolving Fund is to be used to make necessary expenditures to process applications for concealed carry permits or renewals, including but not limited to the purchase of equipment, training, fingerprinting, background checks, and employment of additional personnel.

## Recommendations

- 5.1 The County Commission ensure a competitive procurement process is used for all major purchases of goods or services in accordance with state law and adequate documentation is maintained to support the selection process.
- 5.2 The Sheriff ensure disbursements of the Sheriff's Revolving Fund are in accordance with state law and reimburse the Sheriff's Revolving Fund \$5,068 from the appropriate funds.

## Auditee's Response

*The County Commission provided the following response:*

- 5.1 *We have rebid the health insurance and property and liability insurance. All bidding documentation was maintained. We have plans in the next month to rebid the fuel cost. Until the rebidding is*



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*performed we are working to review current fuel costs and ensure the current purchase is reasonable. We are considering the need to bid other significant purchases in accordance with state law.*

*The Sheriff provided the following response:*

5.2 *I will review procedures to ensure future purchases are made in accordance with state law. I agree to reimburse the Sheriff's Revolving Fund \$5,068 from the appropriate funds.*

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## 6. 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.

### 6.1 User passwords

The County Clerk, County Collector, Ex Officio Recorder of Deeds, Sheriff, Public Administrator, County Assessor, and County Commission 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 or have a minimum number of characters in the passwords. In addition, officials and employees share the user identification (ID) and password for certain computers in the County Clerk's office.

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 or contain a minimum number of characters 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.

### 6.2 Backup data

The Sheriff and Public Administrator do not store backups at an off-site location and the County Commission does not back up computer data. In addition, the Sheriff does not perform periodic testing of backup data, while the County Assessor, County Clerk, and County Collector rely on the property tax system programmer to perform periodic testing of backup data.

Failure to store computer backup data at a secure off-site location results in the backup data being susceptible to the same damage as the data on the computer. To help prevent loss of information and ensure essential information and computer systems can be recovered, computer data should be backed up periodically with the backup data tested on a regular basis and stored at a secure off-site location.



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### 6.3 Security controls

The County Clerk, County Treasurer, Ex-Officio Recorder of Deeds, County Assessor, Prosecuting Attorney, and Sheriff do not have security controls in place to lock a computer after a certain period of inactivity. In addition, the County Clerk, County Collector, County Treasurer, Ex Officio Recorder of Deeds, County Assessor, Prosecuting Attorney, and County Commission do not have security controls in place to lock a computer after a specified number of incorrect logon attempts.

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. Additionally, logon attempt controls lock the capability to access a computer after a specified number of consecutive invalid logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a computer by guessing passwords. 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:

- 6.1 Require unique passwords for each employee that are confidential, contain a minimum number of characters, and are periodically changed to prevent unauthorized access to county's computers and data.
- 6.2 Ensure computer data is backed up periodically; tested on a regular, predefined basis; and stored in a secure off-site location.
- 6.3 Require each county computer to have security controls in place to lock it after a certain period of inactivity or after a specified number of incorrect logon attempts.

### Auditee's Response

*The County Commission provided the following responses:*

- 6.1 *We will work with other county officials to require passwords to have a minimum number of characters, be confidential, unique, and changed on a regular basis.*
- 6.2 *We will look into options for storing backups off-site and determine the most cost efficient method for the county. At a minimum backups will be stored in a fireproof and waterproof vault. We will work with other county officials for backups to be performed and tested on a regular basis.*



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6.3 *We will work with other county officials to implement procedures to ensure computers lock after a period of inactivity and after a specified number of incorrect logon attempts.*

## 7. Recycling Center's Controls and Procedures

Control and procedures at the Recycling Center need improvement. The Recycling Center received \$14,034 for collecting glass, metal, plastic and cardboard to be recycled and \$4,410 for disposing of personal trash during the year ended December 31, 2014.

Office personnel do not issue receipt slips for monies received or record receipts in a ledger. The personnel indicated receipts are transmitted to the County Treasurer when receipts total approximately \$200. Our cash count in June 2015 identified approximately \$600 on hand. By not issuing receipt slips or recording receipts, there is no assurance that all monies received are transmitted to the County Treasurer. In addition, checks are not restrictively endorsed when received and the payee was not indicated on all checks. Office personnel also withhold cash from monies transmitted to the County Treasurer to maintain a change fund; however, the change fund is not maintained at a constant amount and office personnel do not track the amount withheld from each transmittal.

To reduce the risk of loss, theft, or misuse of monies and to properly account for all monies, official prenumbered receipt slips should be issued for all monies received, the method of payment should be recorded, and the composition of receipts should be reconciled to the composition of monies transmitted to the County Treasurer. In addition, checks should be restrictively endorsed immediately upon receipt and the payee written in if not completed by the payer. Also, if a change fund is needed, it should be set at a constant amount and a procedure established to reconcile to this amount every time a transmittal is made.

### Recommendation

The County Commission establish procedures to ensure all monies received are properly receipted, promptly recorded, checks are restrictively endorsed immediately upon receipt and the payee is indicated on all checks. In addition, the composition of receipts should be reconciled to the composition of transmittals and receipts should be transmitted intact. If a change fund is needed, it should be maintained at an established amount.

### Auditee's Response

*We are now requiring deposits to be made on a weekly basis. We will implement procedures to record all monies received, deposited, and reconcile the method of composition between the monies received and the monies deposited. Checks will be restrictively endorsed upon receipt and the payee will be documented on all checks. A change fund will be established that will be maintained at a constant amount.*

# Ozark County

## Organization and Statistical Information

Ozark County is a county-organized, third-class county. The county seat is Gainesville.

Ozark 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 42 full-time employees (including elected officials) and 7 part-time employees on December 31, 2014.

In addition, county operations include a Health Center and a Recycling Center.

### Elected Officials

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

Officeholder	2015	2014
David Morrison, Presiding Commissioner	\$	27,080
Greg Donley, Associate Commissioner		25,080
Gary Collins, Associate Commissioner		25,080
Becki Strong, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Lisa Nance Hawkins, County Clerk		38,000
Thomas W. Cline, Prosecuting Attorney		125,287
Darrin Reed, Sheriff		42,000
Phyllis Gaulding Turner, County Treasurer		38,000
Shane Ledbetter, County Coroner		11,000
Melinda Abraham, Public Administrator		38,000
Billy D. Hambelton II, County Collector, year ended February 28,	38,000	
Jama M. Berry, County Assessor, year ended August 31,		38,000
Matt Wade, County Surveyor (2)		

- (1) Compensation is paid by the state.
- (2) Compensation on a fee basis.