



Office of Missouri State Auditor
Nicole Galloway, CPA

Clark County



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Clark County

<p>Sheriff's Controls and Procedures</p>	<p>The Sheriff has not adequately segregated accounting duties or ensured supervisory or independent reviews of accounting and bank records are performed. The Jail Administrator does not perform monthly bank reconciliations for the inmate and commissary bank accounts. In addition, a monthly list of liabilities is not prepared to reconcile to the inmate account balance. The Sheriff also has not turned over commissary net proceeds to the county Inmate Prisoner Detainee Security Fund as required by state law, and the office does not have proper controls to ensure all civil paper service mileage fees are collected.</p>
<p>Payroll Procedures</p>	<p>Sheriff's office employees do not submit timesheets to the County Clerk's office timely. Additionally, when the timesheets are received by the County Clerk, the County Clerk does not ensure the hours recorded on the timesheets agree to the hours for which the employees were paid. The County Clerk also does not receive leave records from the Sheriff's office. Road and Bridge department employees earned the incorrect amount of sick leave after a personnel policy change.</p>
<p>County Procedures</p>	<p>Mileage and fuel logs are not maintained for the Road and Bridge department's 13 vehicles and 36 pieces of equipment. Additionally, neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector.</p>
<p>Electronic Data Security</p>	<p>The County Assessor has not established adequate password controls to reduce the risk of unauthorized access to computers and data. The deputy County Clerk's computer does not require a password. Security controls are not in place to lock computers in the County Clerk, County Assessor, County Collector, Prosecuting Attorney, or Public Administrator's offices after a specified number of incorrect logon attempts. Multiple offices also do not store backup files at an off-site location or perform periodic testing of the backup data.</p>
<p>Public Administrator's Bank Reconciliations</p>	<p>The Public Administrator did not prepare monthly bank reconciliations for bank accounts or maintain a running balance in the checkbook registers.</p>
<p>Additional Comments</p>	<p>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.</p>

In the areas audited, the overall performance of this entity was **Fair**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

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NICOLE GALLOWAY, CPA

Missouri State Auditor

To the County Commission
and
Officeholders of Clark County

We have audited certain operations of Clark County in fulfillment of our duties under Section 29.230, RSMo. In addition, Lisa C. Wright, LLC, Certified Public Accountant, has been engaged to audit the financial statements of Clark County for the year ended December 31, 2015. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2015. The objectives of our audit were to:

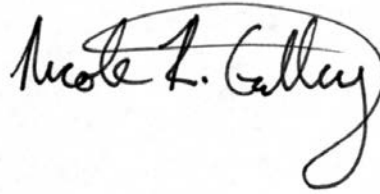
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal 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 Clark 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
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Chris Vetter, CPA
In-Charge Auditor:	Joyce Thomson
Audit Staff:	Christopher A. McClain Margie Freeman, CPA

Clark County Management Advisory Report State Auditor's Findings

1. Sheriff's Controls and Procedures

Controls and procedures over the Sheriff's office need improvement. The office deposited approximately \$130,000 into the fee, inmate, and commissary bank accounts during the year ended December 31, 2015.

1.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties or ensured supervisory or independent reviews of detailed accounting and bank records are performed. The Office Administrator is responsible for maintaining all the records for the fee account while the Jail Administrator is responsible for maintaining all the records for the inmate and commissary bank accounts.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting and bank records are essential and should include comparing daily receipt activity to deposits and disbursements to supporting documentation.

Similar conditions were noted in our prior 2 audit reports.

1.2 Bank reconciliations and liabilities

The Jail Administrator does not perform monthly bank reconciliations for the inmate and commissary bank accounts. In addition, a monthly list of liabilities is not prepared to reconcile to the inmate account balance. A list of liabilities was requested but office personnel could not provide it. As of December 31, 2015, the inmate and commissary account balances were \$4,787 and \$3,802, respectively.

Performing monthly bank reconciliations helps ensure accurate records are kept and increases the likelihood errors will be identified. Regular identification and comparison of liabilities to the reconciled cash balance is necessary to ensure records are in balance and monies are available to satisfy all liabilities.

1.3 Commissary net proceeds

The Sheriff has not turned over commissary net proceeds to the county Inmate Prisoner Detainee Security Fund as required by state law. The Sheriff allows inmates to make commissary purchases through his office and retains the net proceeds on the sales in the commissary account. As of December 31, 2015, the inmate and commissary account balances had net proceeds of \$1,922 and \$3,802, respectively.

Section 221.102, RSMo, requires each county jail to keep revenues from its commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit



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of the remaining funds (net proceeds) into the county Inmate Prisoner Detainee Security Fund held by the County Treasurer. In addition, Section 488.5026.3, RSMo, mandates how the funds shall be expended.

1.4 Civil paper service mileage fees

The Sheriff's office does not have proper controls to ensure all civil paper service mileage fees are collected. The Sheriff's office logs all civil papers to be served. However, office personnel estimated that 50 percent of the time mileage is not billed until after the papers are served. Office personnel do not perform a reconciliation of papers served to monies received for mileage.

A list of unpaid mileage fees would allow the Sheriff's office to more easily review current amounts due and to take appropriate steps to ensure collection of unpaid amounts.

Recommendations

The Sheriff:

- 1.1 Segregate accounting duties or ensure supervisory or independent reviews of detailed accounting and bank records are performed and documented.
- 1.2 Ensure monthly bank reconciliations are performed and lists of liabilities are prepared and reconciled to the cash balance monthly. Any differences between accounting records and reconciliations should be investigated and resolved.
- 1.3 Ensure existing and future commissary net proceeds not necessary to meet cash flow needs or current operating expenses are transmitted to the County Treasurer for deposit in the Inmate Prisoner Detainee Security Fund.
- 1.4 Develop procedures to track, monitor, and pursue collection of civil paper service mileage fees.

Auditee's Response

- 1.1 *This has already been corrected.*
- 1.2 *This has already been corrected.*
- 1.3 *This will be corrected at the beginning of the year in coordination with the County Treasurer.*
- 1.4 *We make sure the civil service paper requests that come through our office get paid. The requests made through the courts we don't have control of.*



2. Payroll Procedures

We noted numerous problems with the county's payroll procedures. The county had payroll expenditures of approximately \$1,227,000 for the year ended December 31, 2015.

2.1 Timesheets

Sheriff's office employees do not submit timesheets to the County Clerk's office timely. The County pays all employees monthly; however, the Sheriff's office does not submit timesheets to the County Clerk until several months after the payroll has been prepared. When the timesheets are received by the County Clerk, the County Clerk does not ensure the hours recorded on the timesheets agree to the hours for which employees were paid. As a result, the county does not ensure employees received the proper pay.

Paying county employees without proper documentation of time worked and leave used may lead to errors, inconsistencies in leave balances, and the potential for employees to be over/under paid. If the county continues to pay employees before receiving the proper supporting documentation, the county should establish procedures to review the timesheets when they are received and fully document any applicable adjustments to employee pay or leave records for differences between the actual hours worked and the number of hours the employee received pay for.

2.2 Leave records

The County Clerk does not receive detailed employee leave records from the Sheriff's office. Only the amount of leave used is indicated on employee timesheets submitted by the Sheriff's office. In addition, the Road and Bridge department supervisor does not track his leave balances. As a result, the county lacks accurate centralized leave records for these employees and does not know their leave balances.

Without centralized records, the County Commission cannot ensure employee leave and compensatory time balances are accurate and in compliance with county policy. Centralized records also limit potential disputes over amounts owed when an employee stops working for the county, and help demonstrate compliance with the Fair Labor Standards Act.

2.3 Sick leave

Road and Bridge department employees earned the incorrect amount of sick leave after a policy change. Effective September 1, 2015, County Policy 307-Sick Leave Benefits, allows full-time employees to earn 3.5 hours to 5 hours a month in sick leave depending on their years of service. Road and Bridge department employees have continued to accumulate the 8 to 10 hours of sick leave a month as allowed prior to the policy change.

Allowing employees to earn and carry leave in excess of county policy may result in unnecessary costs to the county. To ensure employees are properly compensated, strict compliance with personnel policies is necessary, or



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personnel policies should be updated to reflect the county's intended and actual practices.

Recommendations

The County Commission:

- 2.1 Require county employees to submit timesheets monthly and ensure amounts paid are based on the time documented on timesheets.
- 2.2 Ensure centralized leave and compensatory time records are maintained for all county employees.
- 2.3 Ensure compliance with current policies or revise policies as needed.

Auditee's Response

- 2.1 *We will remind county employees that County Policy 401-Timekeeping requires timesheets to be turned in by noon on the 26th of each month and are to be signed by the employee and their immediate supervisor to verify the accuracy of the timesheets.*
- 2.2 *The County Clerk now maintains centralized leave records for the Road and Bridge department supervisor. We will continue to work with the Sheriff to develop centralized leave records for Sheriff's office employees.*
- 2.3 *The Road and Bridge department employees are now earning sick leave in accordance with county policy.*

3. County Procedures

Controls and procedures over fuel usage and review of the County Collector's financial activities need improvement.

3.1 Fuel usage

Mileage and fuel logs are not maintained for the Road and Bridge department's 13 vehicles and 36 pieces of equipment. Accounting records indicate fuel purchases totaled approximately \$123,000 for the Road and Bridge department during the year ended December 31, 2015.

Mileage and fuel logs are necessary to document the appropriate use of vehicles and equipment and to support fuel purchases. Without sufficient and accurate information the county cannot evaluate the propriety and reasonableness of fuel pumped/used or reconcile amounts used to fuel billings. Failure to account for fuel purchases and fuel usage could result in loss, theft, or misuse going undetected.

3.2 Review of property taxes

Neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector who processed collections of approximately \$6.8 million during the year ended February 29, 2016. The County Clerk's account book only includes information on taxes charged



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and collected by the County Collector. The account book does not include other necessary information such as additions and abatements, protested amounts, payments made to the county and other political subdivisions. Neither the County Clerk nor the County Commission had documentation supporting any work performed to verify the accuracy and completeness of the County Collector's annual settlements.

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

Recommendations

- 3.1 The County Commission require mileage and fuel logs be maintained for the Road and Bridge department vehicles and equipment and ensure the logs are reviewed for accuracy and reconciled to fuel purchases.
- 3.2 The County Clerk maintain a detailed 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.

Auditee's Response

- 3.1 *Each vehicle and piece of equipment will have a fuel log. The logs will be periodically reconciled to fuel purchases.*
- 3.2 *The County Clerk will maintain a detailed account book, which will be periodically reconciled with the County Collector. The County Commission will use the account book to review the accuracy and completeness of the County Collector's annual settlement.*

4. Electronic Data Security

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

4.1 Passwords

The County Assessor has not established adequate password controls to reduce the risk of unauthorized access to computers and data. County Assessor employees are not required to change passwords periodically to help ensure passwords remain known only to the assigned user. Also, the computer used by the deputy County Clerk does not require a password.



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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 by employees in the County Assessor's office, 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. Without requiring a password to access the deputy County Clerk's computer, there is no assurance the data or systems accessible on that computer are protected from unauthorized access and use. Passwords should be required to authenticate access to any county computer, kept confidential, and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

4.2 Security controls

Security controls are not in place to lock computers in the County Clerk, County Assessor, County Collector, Prosecuting Attorney, or Public Administrator's offices after a specified number of incorrect logon attempts. In addition, computers are not locked after a certain period of inactivity in the County Clerk, County Assessor, or Prosecuting Attorney's offices. 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. Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs and data files. Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

4.3 Backup data

The County Clerk, Prosecuting Attorney, and Public Administrator do not store backup files at an off-site location. In addition, periodic testing of backup data is not performed by these offices. Failure to store computer backup data at a secure off-site location results in the 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, backup data should be tested on a periodic basis and stored at a secure off-site location.

Similar conditions previously reported

Similar conditions were noted in our prior 2 audit reports.

Recommendations

The County Commission work with other county officials to:

- 4.1 Require confidential passwords for each employee that are periodically changed to prevent unauthorized access to the county's computers and data.



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- 4.2 Require each county computer to have security controls in place to lock it after a specific number of incorrect logon attempts or after a certain period of inactivity.
- 4.3 Ensure backup data is tested on a regular, predefined basis, and stored in a secure off-site location.

Auditee's Response

- 4.1 *We will make addendums to handbook section 516; although Clark County provides certain codes to restrict access to computers, voicemail, and electronic mail, to protect these systems against external parties or entities obtaining unauthorized access, employees should change their passwords at least once every 90 days and make sure all records are saved at the end of every business day. Passwords or codes corresponding with an employee's I.D. shall not be shared with anyone other than the authorized users. We will also make changes to the Deputy County Clerk's computer to require a password be entered to access the computer.*
- 4.2 *We will require computers to lock after a specific number of incorrect log on attempts and after a certain period of inactivity.*
- 4.3 *We will ensure backup data is tested periodically.*

**5. Public
Administrator's
Bank
Reconciliations**

The Public Administrator did not prepare monthly bank reconciliations for any bank accounts or maintain a running cash balance in the checkbook registers. The Public Administrator is the court appointed personal representative for wards or decedent estates of the Circuit Court, Probate Division, and was responsible for the financial activity of 13 individuals as of December 31, 2015.

Timely preparation of monthly bank reconciliations is necessary to ensure bank accounts are in agreement with accounting records and to detect and correct errors. In addition, maintaining a running cash balance in the checkbook registers helps ensure accurate records are kept and increases the likelihood errors will be detected and timely corrected.

Recommendation

The Public Administrator perform and document monthly bank reconciliations and maintain a running balance in the checkbook registers.

Auditee's Response

I am now performing and documenting bank reconciliations for the wards. In addition, I am now maintaining a running balance in the checkbooks.

Clark County

Organization and Statistical Information

Clark County is a county-organized, third-class county. The county seat is Kahoka.

Clark 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 10 part-time employees on December 31, 2015.

In addition, county operations include a Senior Services Board.

Elected Officials

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

Officeholder	2016	2015
Buddy Kattelman, Presiding Commissioner	\$	27,080
Henry W Dienst, Associate Commissioner		25,080
Paul V. Brotherton, Associate Commissioner		25,080
Melissa Bevans, Recorder of Deeds		38,000
Jena Church, County Clerk		38,000
Holly Conger, Prosecuting Attorney		45,000
Paul Gaudette, Sheriff		43,470
Roberta McAfee, County Treasurer		38,000
Edwin Wilson, County Coroner		11,000
Gloria Hodges, Public Administrator		16,301
Michelle Allen, County Collector (1), year ended February 29,	58,137	
Donna F. Oilar, County Assessor, (2) year ended August 31,		18,649
Anthony Daniel, County Assessor, (2) year ended August 31,		4,392

(1) Includes \$20,137 of commissions earned for collecting city property and drainage district taxes.

(2) The County Assessor position was vacant from March 2015 to July 19, 2015. The current County Assessor took office July 20, 2015.