



Office of Missouri State Auditor
Nicole Galloway, CPA

Montgomery County



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Montgomery County

Sales Tax Procedures	Some capital improvement sales tax revenue was spent for purposes not allowable under state law. In addition, \$250,000 in loans made during 2013 from the Capital Improvements Fund to the General Revenue Fund have not been repaid. The county has not sufficiently reduced the property tax levy to offset 50 percent of sales tax monies received by approximately \$106,000 at December 31, 2015, and property tax reduction amounts were not accurately calculated. The county has imposed 2 sales taxes, totaling 3/4-cent, which exceeds the statutory maximum allowed for general sales taxes per Section 67.547, RSMo, by 1/4-cent.
Sheriff's Controls and Procedures	The Sheriff has not adequately segregated accounting duties and does not ensure adequate supervisory reviews of detailed accounting and bank records are performed. Neither the Office Manager nor the Office Assistant prepares monthly lists of liabilities for the fee and inmate commissary accounts, and consequently, liabilities are not agreed to the reconciled bank balances. The Sheriff has not turned over commissary net proceeds to the county Inmate Prisoner Detainee Security Fund as required by state law. In addition, the Sheriff used commissary net proceeds to purchase items for jail operations outside the normal county procurement or budget process and bid documentation was not retained for all applicable purchases. The Sheriff's office charges \$5 more for serving civil garnishments than allowable by state law. The Sheriff's office does not maintain records to account for phone cards purchased and sold to inmates, and inventory remaining on hand, or conduct periodic physical inventory counts.
County Assessor's Controls and Procedures	The County Assessor has not adequately segregated accounting duties and does not perform adequate supervisory reviews of detailed accounting records. The County Assessor has not established proper controls or procedures for receipting and transmitting monies.
Prosecuting Attorney's Segregation of Duties	The Prosecuting Attorney has not adequately segregated accounting duties and does not perform adequate supervisory reviews of detailed accounting and bank records.
Public Administrator's Annual Settlements	The Circuit Court, Probate Division, does not perform sufficient reviews of the activity of cases assigned to the Public Administrator. In addition, the Public Administrator does not file supporting documentation with the Circuit Court, Probate Division when filing annual settlements and also does not file the bank statement for the last month of the annual settlement period until the following year when the next settlement is filed.
Electronic Data Security	The County Assessor and Recorder of Deeds have not established adequate password controls to reduce the risk of unauthorized access to computers and data.

Additional Comments

Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

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

*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 Montgomery County

We have audited certain operations of Montgomery County in fulfillment of our duties under Section 29.230, RSMo. In addition, Beard-Boehmer & Associates, PC, Certified Public Accountants, was engaged to audit the financial statements of Montgomery County for the 2 years 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:

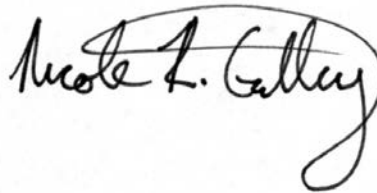
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 applicable contract, grant agreement, 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 Montgomery 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:

Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
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Montgomery County Management Advisory Report State Auditor's Findings

1. Sales Tax Procedures

We identified various concerns related to county sales taxes.

1.1 Capital improvements sales tax

Some capital improvement sales tax revenue was spent for purposes not allowable under state law. In addition, \$250,000 in loans made during 2013 from the Capital Improvements (CI) Fund to the General Revenue (GR) Fund have not been repaid.

Section 67.700, RSMo, allows counties to impose a sales tax for any capital improvement purpose designated by the county in a ballot submitted to voters, and requires the monies received from the sales tax to be deposited in a separate account and used solely for the designated capital improvement.

Montgomery County voters extended a 1/2-cent capital improvements sales tax levy in April 2014, for a period of 20 years, with a current expiration date of June 30, 2034. The county collected approximately \$530,000 from this sales tax during the year ended December 31, 2015. The ballot language specified the tax revenue is to be used "for the purpose of funding capital improvements." The ballot language further indicates, "Capital improvements are including but not limited to necessary repairs or improvements to the county courthouse, county jail, and county owned properties. This will allow the county to create a long term plan for assistance in the funding for the renovation or replacement of the county courthouse." This tax revenue is deposited into the CI Fund and is the only source of revenue for this fund.

Purchases

The county used capital improvement sales tax revenue to purchase equipment and other items that are not capital improvement-related costs and are not allowable purchases based on the ballot language. For the year ended December 31, 2015, we identified several unallowable expenditures from the fund including purchases of voting equipment (\$64,400); printers, copiers, shredders, and other office equipment (\$17,700); computers, servers, and other electronic equipment and software (\$15,400); desk chairs (\$1,700); and 2 55-inch televisions, wall mounts, and cord concealers for the county jail (\$1,700). County Commissioners indicated they believed these purchases to be allowable because they are capital expenditures with a useful life of more than one year. However, this explanation is not consistent with the ballot language regarding how the funding would be used.

Loans

In 2013, the County Commission authorized 3 loans, totaling \$250,000, from the CI Fund to the GR Fund. According to the County Commission Court Orders, the loans were used for monthly payroll and accounts payable costs. The court orders further indicate the County Commission had planned to repay the CI Fund for the principal amount borrowed plus accrued



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interest in the 2014 year budget. For the years ended December 31, 2015, and 2014, the county budgeted loan repayments of \$5,000; however, no loan repayments occurred. The county did not budget a loan repayment for the year ended December 31, 2016.

Loan amounts used to cover salary and benefit expenses are not capital improvement related and thus are not allowable. In addition, the county did not track how the loan proceeds were spent. As a result, it is not possible to determine if the county spent any of this money for allowable purposes.

Conclusion

Procedures should be implemented to ensure monies received from the capital improvement sales tax are spent in accordance with the ballot language and state law. In addition, the county should repay the CI Fund for the total amount loaned to the GR Fund plus accrued interest.

1.2 Reduction of property tax levies

The county has not sufficiently reduced the property tax levy to offset 50 percent of sales tax monies received by approximately \$106,000 at December 31, 2015, and county officials did not accurately calculate property tax reduction amounts. As a result, increased property tax levy rollbacks will be required in future years to offset this liability.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Montgomery County voters enacted a 1/2-cent general sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet the 50 percent reduction requirement and in the following year calculate any excess property taxes collected based upon actual sales taxes collected.

The County Clerk's property tax reduction calculations incorrectly accounted for the difference between estimated and actual sales tax monies collected for the preceding year. We identified the following errors in the calculations for the years 2012 through 2015:

- The County Clerk did not follow instructions when making the adjustment for the prior year's sales tax collections. For example, in the 2015 calculation, the \$27,897 adjustment for when 2014 actual sales tax collections were more than estimated collections was incorrectly subtracted instead of added to the total.
- The preceding year's estimated sales tax collection amount was not accurately reported in the subsequent year's calculation when adjusting for the difference between estimated and actual sales tax collections. For example, the County Clerk calculated the 2014 estimated sales tax collections to be \$488,704. However, for the 2015 calculation \$480,000 was used as the 2014 estimated sales tax collection amount.



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- The calculation accounted for the difference between estimated and actual sales tax collections for the 2 preceding years, when the calculation should only be adjusted for the difference in the most recent year. For example, the 2015 calculation also included an adjustment of \$2,252 for 2013 for when 2013 actual sales tax collections were more than estimated collections. However, this adjustment had already been made in the previous year.

To ensure property tax levies are properly set, the County Commission and County Clerk should ensure property tax reductions are accurately calculated.

1.3 Excess sales tax

The county has imposed 2 sales taxes, totaling 3/4-cent, which exceeds the statutory maximum allowed for general sales taxes per Section 67.547, RSMo, by 1/4-cent. The county received approximately \$265,000 from the excess sales tax during the year ended December 31, 2015. County records provided the following information:

- In November 1993, voters approved a 1/4-cent general sales tax under Section 67.547, RSMo. The GR Fund received approximately \$265,000 in 2015 from this tax. The sales tax is primarily used for operating the county-wide dispatch center and the tax does not have an expiration date.
- In February 2007, voters approved an additional 1/2-cent general sales tax under Section 67.547, RSMo. The GR Fund received approximately \$530,000 in 2015 from this tax. The sales tax is used for general operations of the county and was renewed by voters in April 2013. The sales tax has an expiration date of December 31, 2019.

The County Commission resolutions adopting each of the sales taxes cited Section 67.547, RSMo, as the statutory authority. This section allows counties to impose a rate of 1/8, 1/4, 3/8, or 1/2-cent. Although there is no provision against having 2 sales taxes under this section, the total sales tax cannot exceed 1/2-cent. Attorney General's Opinion No. 61-1989 to the Harrison County Prosecuting Attorney states a county cannot exceed the 1/2-cent tax rate.

Prior to submitting any future sales taxes to voters for approval, the county should review the current sales taxes imposed, research the statutory requirements for current sales taxes, and determine an allowable sales tax statute to ensure statutory limits are not exceeded.



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Recommendations

The County Commission:

- 1.1 Discontinue using capital improvement sales tax revenue for non-capital improvement related costs and repay the Capital Improvements Fund for loans made to the General Revenue Fund.
- 1.2 And the County Clerk properly calculate property tax rate reductions, adequately reduce property tax levies for 50 percent of sales tax revenue, and develop a plan to correct for the prior year's over collection of property taxes.
- 1.3 Review the current sales taxes imposed, research the statutory requirements for current sales taxes, and determine an allowable sales tax statute to ensure sales tax levies do not exceed statutory limits prior to submitting any future sales tax proposals to voters for approval.

Auditee's Response

The County Commission provided the following responses:

- 1.1 *The County Commission believes in the exit meeting with the audit staff we were able to sufficiently articulate the county had spent General Revenue funds that would have been easily allowable to expend on capital improvement projects or items well in excess of any of the questioned items. Both during the audit and at the exit meeting the County Commission also provided to the audit staff our interpretation of the definition of a capital improvement purchase. Suffice to say our interpretation of a capital improvement differs from the auditors. In the future, the County Commission will strive to maintain a consistent definition for capital improvement purchases.*

The County Commission plans to repay the loan to the Capital Improvements Fund with interest now that the county is on more solid financial footing.

- 1.3 *The County Commission has received multiple conflicting legal opinions on the issue brought forth. With lack of guidance from court decisions the County Commission does not plan to reduce the sales tax rate for the time being and will explore the possibility of other sales tax ballot questions in a future election.*

The County Commission and the County Clerk provided the following response:

- 1.2 *The property tax rollback formula in use by the county was found to be inaccurate during the audit. It was also discovered the formula*



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had been incorrect during the previous audit. The auditors at that time did not point out the error and therefore the mistake was not corrected. This error in the formula has been corrected and the appropriate additional rollback amount to correct the error has been put in place thus allowing the property tax rollback increase to pay back the error.

The County Clerk now has a better understanding of the rollback formula and this will ensure the correct formula is used in future calculations. There was never any intention to improperly charge the taxpayers and all funds are accounted for.

2. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The Sheriff operates a jail and contracts with a vendor to provide a commissary for inmates to purchase various snacks and personal items, in addition to handling money for bonds, conceal carry weapon permits, civil paper service, phone system commissions, and other miscellaneous receipts. Receipts for the fee account and inmate commissary account totaled approximately \$208,000 and \$90,000, respectively, for the year ended December 31, 2015.

2.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and does not ensure adequate supervisory reviews of detailed accounting and bank records are performed. The Office Manager is responsible for the fee account and the Office Assistant is responsible for the inmate commissary account. Each employee is responsible for receipting, recording, and depositing monies; making disbursements; and preparing the monthly bank reconciliation for the account assigned. The Chief Deputy Sheriff reviews the bank statements and the bank reconciliations for the fee account, but this review is not documented, does not account for the numerical sequence of receipt slips, and does not ensure monies received have been properly recorded, deposited, and disbursed to the appropriate party. Also, neither the Sheriff nor other office personnel perform a documented supervisory or independent review of detailed accounting and bank records for the inmate commissary account.

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 receipting, recording, depositing, disbursing, and reconciling 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 accounting for the numerical sequence of receipt slips and ensuring monies received have been accounted for properly.

2.2 Liabilities

Neither the Office Manager nor the Office Assistant prepares monthly lists of liabilities for the fee and inmate commissary accounts, and consequently,



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liabilities are not agreed to the reconciled bank balances. At our request, a list of liabilities for the fee account was prepared and identified liabilities totaled \$8,396 at April 30, 2016. The reconciled bank balance was \$8,934, leaving an unidentified balance of \$538. Also, at our request, a list of liabilities for the inmate commissary account was prepared and identified liabilities totaled \$1,657 at April 30, 2016. The reconciled bank balance was \$1,681, leaving an unidentified balance of \$24.

Liabilities should be identified monthly and agreed to the reconciled bank 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. Various statutory provisions provide for the disposition of unidentified monies.

2.3 Commissary net proceeds and purchases

The Sheriff has not turned over commissary net proceeds to the county Inmate Prisoner Detainee Security Fund as required by state law. In addition, the Sheriff used commissary net proceeds to purchase items for jail operations outside the normal county procurement or budget process and bid documentation was not retained for all applicable purchases. During the year ended December 31, 2015, disbursements using commissary net proceeds totaled \$26,360.

The Sheriff maintains net proceeds from commissary sales in a separate bank account. As of December 31, 2015, approximately \$15,750 of net proceeds remained in the account that should be distributed to the Inmate Prisoner Detainee Security Fund.

Disbursements related to jail operations include the \$18,500 purchase of an inmate transport vehicle, radio equipment for the vehicle costing \$5,600, and \$2,260 in miscellaneous items. These purchases did not go through the normal county procurement or budget process and the County Commission did not approve them. In addition, the Chief Deputy Sheriff indicated he obtained verbal quotes for the radio equipment purchase but did not retain this documentation.

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 of the remaining funds (net proceeds) into the county Inmate Prisoner Detainee Security Fund held by the County Treasurer. In addition, Section 50.660, RSMo, lists the requirements for bidding applicable purchases. Documentation of the various proposals received, the selection process, and criteria should be retained to demonstrate compliance with applicable laws or regulations and support decisions made.



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2.4 Civil paper service fees

The Sheriff's office charges \$5 more for serving civil garnishments than allowed by state law. The office charges paper service fees totaling \$35 for civil garnishments and \$30 for all other civil summons. Office personnel could not explain why they collected the additional \$5 for civil garnishments.

Section 57.280, RSMo, provides the sheriff shall receive a total of \$30 for service of any summons, writ or other order of court, in connection with any civil case. Therefore, the Sheriff does not have statutory authority to collect the additional amount on civil garnishments and should discontinue collecting it.

2.5 Phone cards

The Sheriff's office does not maintain records to account for phone cards purchased and sold to inmates, and inventory remaining on hand, or conduct periodic physical inventory counts. As a result, records and procedures are not sufficient to account for phone cards or monies collected, and loss, theft, or misuse may go undetected. Phone card order records indicate card sales to inmates totaled approximately \$8,900 for the year ended December 31, 2015.

Detailed inventory records are necessary to account for phone cards. Comparisons of card purchases and sales to inventory records are necessary to ensure the cards and associated monies are properly recorded and handled.

Similar conditions previously reported

A similar condition to section 2.1 was noted in our prior audit report and a similar condition to section 2.2 was noted in our prior 3 audit reports.

Recommendations

The Sheriff:

- 2.1 Segregate accounting duties or ensure independent or supervisory reviews of accounting and bank records are performed and documented.
- 2.2 Prepare monthly lists of liabilities for all accounts and agree the totals to the reconciled bank balances. Any differences should be promptly investigated and resolved.
- 2.3 Ensure existing and future commissary net proceeds not necessary to meet cash flow needs or current operating expenses are disbursed to the County Treasurer for deposit in the Inmate Prisoner Detainee Security Fund. In addition, the Sheriff should ensure bids are documented for all applicable purchases in accordance with state law.
- 2.4 Discontinue collecting the additional fee on civil garnishments.



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Auditee's Response

2.5 Maintain inventory records of phone cards, reconcile these records to phone cards purchased and sold, and perform periodic physical inventory counts.

2.1 *We agree with the recommendation and have implemented changes.*

2.2 *We agree with the recommendation and have implemented the recommended procedures.*

2.3 *We agree with the recommendation. Commissary net proceeds not needed to meet current operating expenses will be disbursed to the County Treasurer. All purchases not for commissary purposes will be made from the Inmate Prisoner Detainee Security Fund. Bids for future purchases will be obtained and documented when applicable. These issues with the account occurred during the transition of the account custody from the Reserve Officers to the Sheriff's office.*

2.4 *This has been discontinued.*

2.5 *We agree with the recommendation and have implemented changes.*

3. County Assessor's Controls and Procedures

Controls and procedures in the County Assessor's office need improvement. The office collected approximately \$11,400 for maps, plat books, electronic data access, and miscellaneous fees during the year ended December 31, 2015.

3.1 Segregation of duties

The County Assessor has not adequately segregated accounting duties and does not perform adequate supervisory reviews of detailed accounting records. All employees are responsible for collecting and receipting monies, and one of these employees is responsible for preparing the monthly transmittal report and transmitting monies received to the County Treasurer. The County Assessor's review of detailed accounting records is not documented and does not ensure monies received have been properly recorded and transmitted by reconciling receipt slips to the amounts transmitted. For example, a cash receipt slip issued for \$35 was only recorded as \$25 on the monthly transmittal report and only \$25 was transmitted to the County Treasurer. The County Assessor's review did not identify this discrepancy and no one could explain why the receipt slip amount differed from the transmittal report amount.

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 receipting and transmitting monies. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting records are essential and should include reconciling receipt slips to the amounts transmitted.



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3.2 Receipting and transmitting

The County Assessor has not established proper controls or procedures for receipting and transmitting monies. A March 10, 2016, cash count and review of the County Assessor's office receipt slips, transmittal reports, and County Treasurer receipt slips identified the following concerns:

- Receipt slips are not issued for all monies received. For the year ended December 31, 2015, we identified 66 receipts totaling \$5,741, listed on the transmittal reports that were not receipted by the County Assessor's office.
- Monies received are not always transmitted timely to the County Treasurer. Only 9 transmittals occurred during the year ended December 31, 2015. For example, receipts collected during April 2015, totaling \$1,836 (including \$203 in cash), were not transmitted until June 5, 2015.
- Checks are not restrictively endorsed immediately upon receipt. Endorsement is applied by the County Treasurer after the checks have been transmitted to her.

To account for receipts and reduce the risk of loss, theft, or misuse of funds, official prenumbered receipt slips should be issued for all monies received, receipts should be transmitted timely, and checks should be restrictively endorsed immediately upon receipt. In addition, Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to file a monthly report with the county and pay such monies to the County Treasurer.

Recommendations

The County Assessor:

- 3.1 Segregate accounting duties or ensure independent or supervisory reviews of accounting records are performed and documented.
- 3.2 Issue prenumbered receipt slips for all monies received, transmit receipts timely, and restrictively endorse checks immediately upon receipt.

Auditee's Response

All fees were turned over to the County Treasurer.

All fees collected will be receipted. A stamp will be used on all checks by endorsing upon collection to the Montgomery County Assessor. Also, each month before monies are turned over, the Deputy Assessor will verify receipts before turning them over to the County Treasurer.

Monies received will be turned over to the County Treasurer each month. Numbered receipt slips are used.



4. Prosecuting Attorney's Segregation of Duties

The Prosecuting Attorney has not adequately segregated accounting duties and does not perform adequate supervisory reviews of detailed accounting and bank records. The office collected approximately \$106,000 in bad check and court-ordered restitution and fees during the year ended December 31, 2015.

The Office Manager is responsible for receipting, recording, and depositing monies; making disbursements or transmittals; and preparing the monthly bank reconciliation. The Prosecuting Attorney's review of detailed accounting records does not include a review of bank records, does not account for the numerical sequence of receipt slips, and does not ensure monies received have been properly recorded in the accounting system and disbursed or transmitted to the appropriate party.

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 receipting, recording, depositing, disbursing or transmitting, and reconciling 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 accounting for the numerical sequence of receipt slips and ensuring monies received have been accounted for properly.

A similar condition was noted in our prior audit report.

Recommendation

The Prosecuting Attorney segregate accounting duties or ensure independent or supervisory reviews of accounting and bank records are performed and documented.

Auditee's Response

The Prosecuting Attorney accepts the State Auditor's findings. Although segregation of duties is not possible within our office due to limited staffing, the office immediately began taking the additional steps as recommended by the State Auditor's Office.

5. Public Administrator's Annual Settlements

The Circuit Court, Probate Division, does not perform sufficient reviews of the activity of cases assigned to the Public Administrator. 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 30 individuals as of December 31, 2015.

The court's review of disbursements on annual settlements is limited to verifying the accuracy of amounts reported by reviewing copies of canceled checks included as part of the bank statements. In addition, the Public Administrator does not file supporting documentation with the Circuit Court, Probate Division when filing annual settlements. For example, one ward's annual settlement and canceled checks showed disbursements made to credit card companies, various businesses, and individuals. Without



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additional supporting documentation such as invoices, the court cannot be certain of the purpose and appropriateness of the expenses. The Public Administrator also does not file the bank statement for the last month of the annual settlement period until the following year when the next settlement is filed.

Without such documentation, it is difficult for the court to assess the validity and reasonableness of costs charged to and paid by wards of the Public Administrator. Consideration should be given to requiring supporting documentation be filed with the court and reviewed in conjunction with the annual settlements.

Recommendation

The Circuit Judge, Probate Division, establish procedures to adequately monitor the activity of cases assigned to the Public Administrator, and require supporting documentation such as invoices and all bank statements be filed with the court for the annual settlement.

Auditee's Response

In response to the Auditor's findings regarding the Public Administrator's annual settlements, the Court will make the following references:

- 1. The Auditor was able to access all documents and receipts needed to verify all expenditures made by the Public Administrator and found that the Public Administrator made NO inappropriate payments or expenditures.*
- 2. Missouri law does not require invoices to be submitted. See Sections 475.270 and 473.543, RSMo.*
- 3. The Public Administrator has not previously submitted the bank statements for the last month of the annual settlement period because she had not received the statement prior to the deadline for the filing of the annual settlement. However, the bank statement from the last month of the annual settlement was submitted to the court with the next annual settlement. Upon receipt, the Court would then review the bank statement from the last month of the prior annual settlement along with the bank statements submitted for the subsequent annual settlement.*

However, the Court will abide by the Auditor's recommendations and implement policies for the filing of invoices for expenditures over \$75 in each annual settlement. In addition, the Public Administrator has agreed to submit with her annual settlements the information available to her from online banking for bank account activity for the last month of the annual settlement period.



6. 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.

The County Assessor and Recorder of Deeds 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 to help ensure passwords remain known only to the assigned user.

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 these offices, 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 confidential and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

A similar condition was noted in our prior audit report.

Recommendation

The County Commission work with other county officials to require confidential passwords for each employee that are periodically changed to prevent unauthorized access to county's computers and data.

Auditee's Response

The County Commission will continue to stress to officeholders the importance of electronic/cyber security including password security for the prevention of unauthorized access to any of the county's computers and data.

Montgomery County

Organization and Statistical Information

Montgomery County is a county-organized, third-class county. The county seat is Montgomery City.

Montgomery 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 96 full-time employees (including elected officials) and 14 part-time employees on December 31, 2015.

In addition, county operations include the Senate Bill 40 Board.

Elected Officials

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

Officeholder	2016	2015
Ryan D. Poston, Presiding Commissioner	\$	29,390
Rich Daniels, Associate Commissioner		27,390
John W. Noltensmeyer, Associate Commissioner		27,390
Sheila See, Recorder of Deeds		41,500
Pamela A. Cartee, County Clerk		41,500
Nathan Carroz, Prosecuting Attorney		51,000
Robert (Bob) Davis, Sheriff		46,000
Donna Huenefeld, County Treasurer		41,500
David Colbert, County Coroner		14,000
Ann Scarlet, Public Administrator		25,000
Anita L. Sullivan, County Collector, year ended February 29,	41,500	
Jerome P. Overkamp, County Assessor, year ended August 31,		41,500
Larry P. Bade, County Surveyor (1)		

(1) Compensation on a fee basis.