



Office of Missouri State Auditor
Nicole Galloway, CPA

Barton County



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Barton County

<p>Law Enforcement Sales Tax Fund</p>	<p>The Law Enforcement Sales Tax (LEST) Fund is in poor financial condition. Cash balances of the LEST Fund were significantly less at the end of each year than annual disbursements and financial obligations. In addition, without transfers and loans from other funds and not paying outstanding bills at year end, the LEST Fund would have had a large deficit cash balance. The Sheriff transferred restricted monies into the LEST Fund inappropriately, and the Sheriff and County Commission did not solicit bids for the purchase of 2 new vehicles costing \$48,407, 7 Tasers and body cameras costing \$16,939, and 6 vehicle video cameras costing \$14,346 during the year ended December 31, 2016, from the LEST Fund.</p>
<p>Sheriff's Controls and Procedures</p>	<p>The Sheriff has not adequately segregated accounting duties or performed adequate supervisory reviews of detailed accounting and bank records. Receipt slips are not always issued at the time of receipt. The method of payment is not always recorded on receipt slips. As a result, the composition of receipt slips is not reconciled to the composition of deposits. Voided receipt slips are not always maintained and checks received are not restrictively endorsed at the time of receipt. Receipting and disbursing procedures of inmate monies need improvement. The Sheriff has not established adequate controls and procedures over seized property. The Administrative Assistant does not maintain records to account for electronic cigarettes purchased and sold to inmates, and inventory remaining on hand. In addition, periodic physical inventory counts are not performed. The Sheriff's office is collecting a \$12 drug testing fee that is not allowed by state law.</p>
<p>Prosecuting Attorney's Controls and Procedures</p>	<p>The Prosecuting Attorney has not adequately segregated accounting duties or performed adequate supervisory reviews of detailed accounting and bank records. Procedures for receipting and transmitting monies received need improvement. The Prosecuting Attorney has not established adequate physical controls for money until it is disbursed. Money received is not always timely or accurately disbursed. The Prosecuting Attorney did not prepare complete and accurate bank reconciliations, and did not prepare a list of liabilities and reconcile the list to the available cash balance.</p>
<p>County Collector-Treasurer's Controls and Procedures</p>	<p>The County Collector-Treasurer did not withhold amounts from tax collections for the Assessment Fund in compliance with state law. The County Collector-Treasurer has not established adequate controls and procedures related to the collection of partial payments.</p>
<p>Electronic Data Security</p>	<p>Controls over county computers are not sufficient. The County Collector-Treasurer, Prosecuting Attorney, and Sheriff have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Security controls are not in place to lock computers in the Prosecuting Attorney's and Sheriff's offices after a specified number of incorrect logon attempts or after a certain period of inactivity.</p>

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 Barton County

We have audited certain operations of Barton County in fulfillment of our duties under Section 29.230, RSMo. In addition, McBride, Lock & Associates, LLC, Certified Public Accountants, was engaged to audit the financial statements of Barton 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, 2016. The objectives of our audit were to:

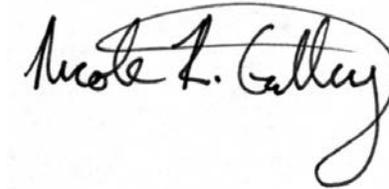
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 Barton 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
Audit Manager:	Pamela Allison, CPA
In-Charge Auditor:	Katelyn Crosson
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Barton County Management Advisory Report State Auditor's Findings

1. Law Enforcement Sales Tax Fund

The Law Enforcement Sales Tax (LEST) Fund is in poor financial condition, the Sheriff transferred restricted monies into the fund inappropriately, and the Sheriff and County Commission did not solicit bids for some vehicles and equipment purchased from the fund.

1.1 Financial condition

The LEST Fund is in poor financial condition. The following table reflects budgeted receipts, disbursements, and beginning and ending cash balances, and financial obligations (debt) for the year ended December 31, 2017; and actual receipts, disbursements, beginning and ending cash balances, and financial obligations for the 5 years ended December 31, 2016:

	Year Ended December 31,					
	2017	2016	2015	2014	2013	2012
Beginning cash balance*	\$ 6,645	4	1	80,285	2	0
Receipts*	774,550	736,715	695,337	688,608	769,437	668,025
Transfers in:*						
From Sheriff's Discretionary Fund	3,000	0	7,500	7,500	0	5,000
From General Revenue Fund	0	0	65,567	21,772	0	17,825
From Sheriff's Revolving Fund	13,500	13,500	0	0	0	0
From Inmate Detainee Security Fund	19,000	0	0	0	0	0
Disbursements*	776,146	734,766	721,443	789,356	680,346	690,848
Transfers out:*						
To Special Road and Bridge Fund	8,808	8,808	8,808	8,808	8,808	0
To General Revenue Fund	0	0	38,150	0	0	0
Ending cash balance*	\$ 31,741	6,645	4	1	80,285	2
Financial obligations:**						
Special Road and Bridge Fund loan	\$ 44,044	52,852	61,660	70,468	79,276	88,084
Vehicle lease balance	37,867	48,407	0	0	0	0
Equipment lease balance	26,145	31,285	0	0	0	0
Accounts payable balance	0	28,662	30,038	38,153	0	0
Due to Sheriff's Revolving Fund	27,000	13,500	0	0	0	0
Due to Inmate Detainee Security Fund	19,000	0	0	0	0	0
Total financial obligations	\$ 154,056	174,706	91,698	108,621	79,276	88,084

* Information was compiled from audited financial statements for 2015 and 2014 and county budgets for the other years.

** Information was compiled from county records.

At December 31 of each year, the cash balance was significantly less than annual disbursements and also financial obligations. In addition, without transfers and loans from other funds and not paying outstanding bills at year end, the LEST Fund would have had a large deficit cash balance at the end of 2016, 2015, 2014, and 2012.

Financial obligations

The county repaid \$35,232 of the previous loan from the Special Road and Bridge Fund; however, \$52,852 is still due to the Special Road and Bridge Fund for this loan as of December 31, 2016. The LEST Fund needs to repay the remainder of the loan because monies in the Special Road and Bridge



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Fund are restricted by Section 137.555, RSMo, to only be used for improving and maintaining county roads and bridges.

In March 2016, the county entered into a lease purchase agreement with a local bank totaling \$48,407 with a 2.55 percent interest rate for 2 new vehicles for the Sheriff's office. Annual payments of \$12,892 are required for 4 years. In September 2016, the county entered into a lease purchase agreement with a local bank totaling \$31,285 with a 2.89 percent interest rate for 7 Tasers and body cameras totaling \$16,939 and 6 vehicle video cameras totaling \$14,346 for the Sheriff's office. Annual payments of \$6,817 are required for 5 years.

The LEST Fund cash balance was not sufficient to pay invoices due (accounts payable) in December of 2016, 2015, and 2014, and these bills were held and not paid until January of the next year.

Restricted funds

The Sheriff inappropriately transferred \$13,500 from the Sheriff's Revolving Fund to the LEST Fund in 2016. Documentation was not maintained to support the reason for the transfer, and the use of these restricted monies was not separately tracked within the LEST Fund. In addition, the Sheriff inappropriately budgeted to transfer \$13,500 from the Sheriff's Revolving Fund and \$19,000 from the Inmate Prisoner Detainee Security Fund to the LEST Fund in 2017. Neither the Sheriff nor the County Commission has established procedures to separately track the planned use of these restricted monies.

Section 50.535, RSMo, requires fees collected for conceal carry weapon permits to be deposited into the Sheriff's Revolving Fund and use of this money to make necessary expenditures to process applications for concealed carry endorsements or renewals, including but not limited to the purchase of equipment, training, fingerprinting, background checks, and employment of additional personnel. Section 488.5026.3, RSMo, mandates how the funds deposited in the Inmate Prisoner Detainee Security Fund must be used. These funds shall first be used to acquire, develop, and maintain biometric verification systems, and then to pay any expenses related to detention, custody, and housing and other expenses for inmates, prisoners, and detainees.

It is essential the County Commission and Sheriff address the LEST Fund's financial condition in the immediate- and long-term future. Possible options include reducing spending where possible, evaluating management practices to ensure efficient uses of resources, and maximizing all sources of revenue, and closely monitoring budgets.



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1.2 Bidding

The Sheriff and County Commission did not solicit bids for 2 new vehicles costing \$48,407, 7 Tasers and body cameras costing \$16,939, and 6 vehicle video cameras costing \$14,346 during the year ended December 31, 2016.

Section 50.660, RSMo, provides bidding requirements. Routine use of a competitive procurement process for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. 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.

Similar conditions previously reported

A similar condition to section 1.1 was noted in our prior audit report and a similar condition to section 1.2 was noted in our prior 2 audit reports. In addition, Report No. 2013-55, *Follow-Up Report on Audit Findings - Barton County* (section 4.1), issued in July 2013, reported the status as in progress for section 1.1.

Recommendations

The County Commission and the Sheriff:

- 1.1 Take action to improve the financial condition of the LEST Fund, continue efforts to repay the Special Road and Bridge Fund, ensure invoices are paid timely, and reimburse the Sheriff's Revolving Fund \$13,500 for the improper transfer. In addition, the County Commission and Sheriff should ensure restricted funds are used in accordance with state law.
- 1.2 Ensure bids are solicited for all applicable purchases of goods and services in accordance with state law, and maintain adequate documentation of decisions made.

Auditee's Response

The County Commission provided the following responses:

- 1.1 *We are fully aware of the financial condition of the LEST Fund and will make efforts to monitor spending to ensure that the LEST Fund stays within the limits set by our annual budget. The LEST Fund has made five payments to date to the Special Road and Bridge Fund; with five payments remaining. Every effort is made to pay invoices in a timely manner. Invoices are paid as soon as we receive them, as long as budget amounts are not exceeded. We will make every effort to obtain documentation from the Sheriff to track the use of monies transferred from the Sheriff's Revolving Fund to the LEST Fund. If this documentation cannot be obtained, we will make every effort to repay the monies back to the Sheriff's Revolving Fund. Monies have already been transferred from the Inmate Prisoner Detainee Security Fund to the LEST Fund for 2017. We will work*



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with the Sheriff to see that the biometric verification system is maintained. If the equipment is not maintained, we will make every effort to repay the monies transferred back to the Inmate Prisoner Detainee Security Fund.

1.2 *We understand that it is our responsibility to monitor all bid processes and will strive in the future to maintain adequate documentation to ensure that state law is adhered to.*

The Sheriff provided the following responses:

1.1 *I will work with the County Commission to improve the financial condition of the LEST Fund. I will maintain documentation to support the use of restricted monies and provide documentation to the County Commission.*

1.2 *I will work on bidding items purchased and will maintain documentation to support decisions made.*

2. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The Sheriff's office deposited approximately \$100,000 collected for civil and criminal process fees, bonds, and other miscellaneous fees into the main, commissary, and inmate accounts during the year ended December 31, 2016.

2.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties or performed adequate supervisory reviews of detailed accounting and bank records. The Administrative Assistant is responsible for receipting, recording, and depositing monies; preparing and signing checks, and preparing the bank reconciliations. The Sheriff does not perform a documented supervisory review of the accounting records to ensure all monies received are properly recorded, deposited, and disbursed.

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.

2.2 Receipting and recording

Procedures for receipting and recording need improvement.

- Receipt slips are not always issued at the time of receipt. During a cash count performed on December 12, 2016, a receipt slip had not been issued for a \$238 bond on hand, and the related bond form was dated



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December 11, 2016. After the cash count, a receipt slip was written for the bond with a backdated receipt date of December 11, 2016.

- The method of payment is not recorded on civil and miscellaneous receipt slips, and is not always recorded on commissary receipt slips. As a result, the composition of receipts (cash, check, or money order) is not reconciled to the composition of deposits.
- Voided receipt slips are not always maintained.
- Checks received are not restrictively endorsed at the time of receipt and are only endorsed when deposits are prepared.

Failure to implement adequate receipting and recording procedures increases the risk that loss, theft, or misuse of monies received will go undetected.

2.3 Inmate monies

Receipting and disbursing procedures of inmate monies need improvement. Monthly lists of liabilities are not prepared and reconciled to the available cash balance of the inmate bank account and the Sheriff did not follow up and resolve old outstanding checks. The Sheriff's office deposited approximately \$5,200 into the inmate account during the year ended December 31, 2016.

- Manual receipt slips are not always issued in numerical sequence. As a result, the numerical sequence of manual receipt slips is not accounted for properly. For example, manual receipt slips 751 through 800 were issued from July through November 2016 and manual receipt slips 733 through 744 were issued from December 2016 through January 2017. Manual receipt slips 745 through 750 had not been issued as of January 26, 2017.
- All inmate monies are not refunded upon release. At November 30, 2016, the Sheriff's office was holding \$347 for 18 released inmates dating back to 2013.
- The Sheriff did not follow up and resolve 10 old outstanding checks totaling \$133 that have been outstanding between 1 and 7 years.
- A monthly list of liabilities is not prepared and reconciled to the reconciled bank balance. We requested a list of liabilities be prepared as of November 30, 2016. The list totaled \$434, while the reconciled bank balance was \$563, resulting in an unidentified balance of \$129.

Failure to implement adequate receipting, disbursing, and reconciling procedures increases the risk that loss, theft, or misuse of monies received



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will go undetected. A list of liabilities should be prepared monthly and reconciled to available cash balances to ensure sufficient cash is available for the payment of all amounts due and all monies in the bank can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure disbursements properly occur.

2.4 Seized property

The Sheriff has not established adequate controls and procedures over seized property. A complete and accurate inventory listing is not maintained, a physical inventory of seized property has not been performed, and some seized property has been held for years with some items dating back to 1996. A review of seized property records and seized cash on hand identified the following concerns:

- A case file indicated cash totaling \$367 had been returned to the owner; however, no documentation of the cash release was maintained.
- Cash totaling \$389 was located in the Sheriff's evidence locker. The Evidence Officer was not aware of this cash, and the Sheriff could not provide any documentation to identify the source of the cash or when it was seized.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the property. Complete and accurate inventory control records should be maintained and periodic physical inventories should be performed and the results compared to inventory records to ensure seized property is accounted for properly. Section 542.301, RSMo, provides the requirements for the disposition of seized property that has not been forfeited or returned to the claimant.

2.5 Inventory records and procedures

The Administrative Assistant does not maintain records to account for electronic cigarettes purchased and sold to inmates, and inventory remaining on hand. In addition, periodic physical inventory counts are not performed.

Loss, theft, or misuse of electronic cigarettes and related monies may go undetected without adequate inventory records and procedures. Detailed inventory records are necessary to adequately account for electronic cigarettes. Comparisons of purchases and sales of electronic cigarettes to inventory records are necessary to ensure inventory and associated monies are properly recorded and handled.

2.6 Drug testing fees

The Sheriff's office is collecting a \$12 drug testing fee that is not allowed by state law. Office personnel indicated the fee is collected when drug tests are requested by citizens. Fees totaling \$1,104 were collected during the year ended December 31, 2016. There is no statutory authority allowing the Sheriff to charge and collect such a fee.



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Similar conditions
previously reported

Similar conditions to sections 2.1, 2.3, and 2.4 were noted in our prior 2 audit reports. In addition, Report No. 2013-55, *Follow-Up Report on Audit Findings - Barton County* (sections 2.1, 2.2, and 2.6), issued in July 2013, reported the status as in progress.

Recommendations

The Sheriff:

- 2.1 Segregate accounting duties or ensure documented independent or supervisory reviews of detailed accounting and bank records are performed.
- 2.2 Issue receipt slips for monies received at the time of receipt, record the method of payment, and reconcile the composition of receipts to the composition of deposits. The Sheriff should also ensure voided receipt slips are maintained, and checks are restrictively endorsed at the time of receipt.
- 2.3 Issue manual receipt slips in numerical sequence, refund inmate monies upon release, prepare and reconcile a list of liabilities to the reconciled bank balance monthly. Any differences should be promptly investigated. The Sheriff should also establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the monies should be disbursed in accordance with state law.
- 2.4 Maintain a complete and accurate seized property listing and ensure a periodic inventory is conducted and reconciled to the list of seized property, and investigate any differences. The Sheriff should also make timely and appropriate dispositions of seized property, and maintain adequate release records. In addition, the Sheriff should review any unidentified seized property on hand and obtain written authorization from the court to dispose of applicable property.
- 2.5 Maintain inventory records of electronic cigarettes and reconcile these records to cigarettes purchased and sold, and perform periodic physical inventory counts.
- 2.6 Discontinue charging and collecting drug testing fees.

Auditee's Response

- 2.1 *To segregate duties, my office will implement 3 steps in the process for daily monies collected. First, dispatchers will receive and record bond and inmate monies in the proper receipt slips. The monies collected by dispatchers are kept in a locked drawer until withdrawn to be taken to the bank. The Administrative Assistant will receive and record civil process monies. Second, the Secretary will*



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sign out the money from dispatch and from civil process and deposit the monies in the proper accounts. The money signed out from dispatch and civil process will require two signatures. This is documented through a log kept in dispatch and in civil process. Third, the Administrative Assistant will reconcile all bank accounts at the end of the month and disburse any monies that need disbursed.

- 2.2 *My office has implemented a checklist to be performed by both the oncoming and off-going dispatcher. I am hoping this solves the issue with missing receipt slips. Civil receipt slips now show the method of payment received. Dispatchers are asked to continue making sure this is documented on their receipt slips as well. My office will reconcile the composition of receipt slips to the composition of deposits. Dispatchers are asked to turn all voided receipt slips over to the Administrative Assistant to be kept in a file. Also, any civil receipt slips that have been voided will be kept in the same file. A stamp will be made available at dispatch to restrictively endorse money orders received. The dispatchers are aware the checks need to be endorsed as soon as received.*
- 2.3 *Dispatchers have been notified that they need to pay more attention when pulling the next one-write receipt slips to ensure they are in sequence. If inmates are released after normal business hours, they will be notified by mail that they have money that can be collected at the Sheriff's office during normal business hours. After 90 days of sending the letter with no response, the money will be turned over to the state of Missouri as unclaimed funds. All outstanding checks will have a stop payment issued and monies will be turned over to the state of Missouri as unclaimed funds. The Administrative Assistant and Secretary will make efforts to update the computer software so that it matches the bank balance for inmate balances.*
- 2.4 *Annual physical inventories will be performed to agree property records to property on hand, and a complete and accurate seized property listing will be maintained. My office will work with the Prosecuting Attorney and Judge to dispose of applicable property. Any unidentified property will be properly handled at the time of the annual inventory. I expect our first annual inventory to be performed in November 2017. The Secretary has prepared applicable property going back to 2011 to be approved for disposal.*
- 2.5 *The Administrative Assistant is working on a spreadsheet to keep track of electronic cigarettes sold, replaced, and on hand in dispatch. The Secretary will reconcile this daily when the money is signed out to be taken to the bank. The spreadsheet will reflect how*



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many are kept on hand and how many are available for sale through dispatch. Periodic physical inventory counts will be performed.

2.6 *As of April 1, 2017, my office has stopped performing drug testing for the public.*

3. Prosecuting Attorney's Controls and Procedures

Controls and procedures in the Prosecuting Attorney's office need improvement. The office collected approximately \$37,000 in bad check and court-ordered restitution and fees, and delinquent taxes during the year ended December 31, 2016.

3.1 Segregation of duties

The Prosecuting Attorney has not adequately segregated accounting duties or performed adequate supervisory reviews of detailed accounting and bank records. The Office Manager is responsible for receipting, recording, and depositing monies; preparing checks for disbursement; and preparing the bank reconciliations. The Prosecuting Attorney does not perform a documented supervisory review of the accounting and bank records to ensure all monies received are properly recorded and deposited or disbursed 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 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 necessary.

3.2 Receipting, transmitting, and physical controls

Procedures for receipting and transmitting monies received need improvement. The Prosecuting Attorney has not established adequate physical controls for money until it is disbursed.

- Receipt slips were not issued for \$12,380 received during the year ended December 31, 2016.
- Delinquent taxes received during November and December 2016 totaling \$2,487 were not transmitted to the Missouri Department of Revenue until February 2017.
- Monies received by the Office Manager were stored in a notebook on top of a filing cabinet in the main office area.

Failure to implement adequate receipting and transmitting procedures increases the risk that loss, theft, or misuse of monies received will go



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undetected. To ensure receipts are properly handled, monies received should be maintained in a secure location.

3.3 Disbursements

Money received by the Prosecuting Attorney's office is not always timely or accurately disbursed.

- Restitution received in April 2016 totaling \$60, bad check fees received in September 2016 totaling \$80, and proceeds from the sale of a county computer in August 2015 totaling \$549 had not been disbursed at the time of our review in January 2017. Office personnel subsequently disbursed this money.
- Restitution received in October 2014 totaling \$179 was not disbursed to the victim until September 2016.
- Bad check fees totaling \$515 were collected during April 2016; however, only \$500 was disbursed.
- Restitution totaling \$75 was incorrectly disbursed. The office received the restitution in September 2014; however, the victim could not be located. In March 2016, the office received notification the victim had passed away. The Prosecuting Attorney disbursed this money to the County Collector-Treasurer as bad check fees for deposit into the Prosecuting Attorney Bad Check Fund instead of treating it as unclaimed and disbursing it in accordance with state law.

To reduce the risk of loss, theft, or misuse of funds, monies received should be disbursed timely and accurately. In addition, various statutory provisions provide for the disposition of unclaimed monies.

3.4 Bank reconciliations and liabilities

The Prosecuting Attorney did not prepare complete and accurate bank reconciliations, and did not prepare a list of liabilities and reconcile the list to the available cash balance.

- The December 2016 bank reconciliation did not include 6 outstanding checks totaling \$375, and included a \$140 check as outstanding that had cleared the bank in October 2016.
- At our request, a list of liabilities was prepared as of December 31, 2016, and totaled \$609, while the reconciled bank balance was \$709, resulting in \$100 in unidentified monies in the account. We later determined these unidentified monies included some of the fees received, but not disbursed as noted in section 3.3.

The preparation of complete and accurate bank reconciliations is necessary to ensure all monies have been properly deposited, accounting



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records are in balance, and to identify and correct errors timely. Monthly lists of liabilities should be prepared and reconciled to the available cash balance to ensure records are in balance, to identify and correct errors timely, and monies are available to satisfy all liabilities.

Similar conditions
previously reported

A similar condition to section 3.1 was noted in our prior audit report and a similar condition to section 3.2 was noted in our prior 2 audit reports. In addition, Report No. 2013-55, *Follow-Up Report on Audit Findings - Barton County* (sections 8.1 and 8.2) issued in July 2013, reported the status as in progress.

Recommendations

The Prosecuting Attorney:

- 3.1 Segregate accounting duties or ensure documented independent or supervisory reviews of detailed accounting and bank records are performed.
- 3.2 Ensure receipt slips are issued for all monies received, delinquent taxes received are transmitted timely, and monies collected are maintained in a secure location.
- 3.3 Ensure monies are disbursed timely and accurately. If payees cannot be located, unclaimed monies should be disbursed in accordance with state law.
- 3.4 Prepare complete and accurate bank reconciliations, prepare and reconcile lists of liabilities monthly to the reconciled bank balance, and promptly investigate any differences.

Auditee's Response

3.1-3.4 My office will do its best, considering our limited staff and fiscal capabilities, to comply with the Auditor's recommendations.

4. County Collector-Treasurer's Controls and Procedures

Controls and procedures in the County Collector-Treasurer's office need improvement. Property taxes and other monies collected by the County Collector-Treasurer totaled approximately \$10.4 million during the year ended February 28, 2017.

4.1 Assessment withholdings

The County Collector-Treasurer did not withhold amounts from tax collections for the Assessment Fund in compliance with state law. Assessment Fund withholdings were withheld at 1.25 percent instead of the 1.5 percent allowed. As a result, from November 2016 through January 2017, \$23,864 was not withheld and disbursed to the Assessment Fund. In addition, Assessment Fund withholdings did not occur on county (General Revenue Fund) tax collections. As a result, from November 2016 through



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January 2017, \$1,291 was not withheld and disbursed to the Assessment Fund. The County Collector-Treasurer and the County Commission indicated the county has always supplemented the Assessment Fund, by transferring monies from the General Revenue Fund to the Assessment Fund, therefore; they did not see any reason to withhold these funds from county tax collections.

Section 137.720.1, RSMo, requires a one percent commission on ad valorem property tax collections allocable to each taxing authority be deducted from the collections of taxes each year and deposited into the assessment fund of the county. Section 137.720.3, RSMo, requires an additional one-half percent commission, but limits the amount deducted to \$75,000. Adequate monitoring and proper calculation of Assessment Fund withholdings is necessary to ensure compliance with statutory provisions.

4.2 Partial payments

The County Collector-Treasurer has not established adequate controls and procedures related to the collection of partial payments. During our cash count conducted on December 6, 2016, 4 checks totaling \$990 were on hand for partial payments.

Receipt slips had not been issued for any of these payments, a log of partial payments received was not maintained, and none of the checks had been restrictively endorsed. The 4 checks were dated October 25, 2016, November 7, 2016, November 8, 2016, and November 20, 2016. In addition, these partial payments were not deposited timely. The County Collector-Treasurer indicated she typically does not receipt or deposit partial payments until they are paid in full.

To ensure 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-Treasurer should issue receipt slips for all partial payments received, maintain a log of partial payments, restrictively endorse checks immediately upon receipt, and deposit these payments timely.

Recommendations

The County Collector-Treasurer:

- 4.1 Review Assessment Fund withholdings for past years, calculate the amount owed by each taxing district, withhold amounts from future tax collections and disburse amounts under withheld to the Assessment Fund.
- 4.2 Issue receipt slips for all partial payments received, maintain a log of partial payments received, restrictively endorse checks immediately upon receipt, and deposit these payments timely.

Auditee's Response

- 4.1 *I have reviewed the Assessment Fund withholdings for past years. As of March 1, 2017, I have set the Assessment Fund amount at 1.5*



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percent to be withheld from each taxing entity (including General Revenue Fund collections) for all future collections. I also have started the process of recalculation of the Assessment Fund amount that was to be withheld from each taxing entity for the year ending February 28, 2017, which was withheld at 1.25 percent instead of the correct 1.5 percent. When I have completed calculating the amount owed by each taxing district to the Assessment Fund, I will withhold the calculated amount to correct the under deducted sum owed from future tax collections, and disburse those amounts to the Assessment Fund.

- 4.2 *As of December 1, 2016, our office has been restrictively endorsing then depositing any checks that represent a partial payment received. My office has also started maintaining a log of any partial payments. Receipt slips will be issued for all partial payments received. For the future, my office is researching doing partial payments through our property tax system which will allow us to disburse the funds to the taxing entities since our tax system will keep records of how much has been paid and how much is still due on each parcel.*

5. 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.

5.1 Passwords

The County Collector-Treasurer, Prosecuting Attorney, and Sheriff have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Two computers were primarily used to record property tax payments in the County Collector-Treasurer's office; however, employees shared use of these computers, and passwords were not required to be entered before switching users. A computer used by the Administrative Assistant in the Sheriff's office does not require a login identification or a password. Employees in the Prosecuting Attorney's and Sheriff's offices are not required to change passwords periodically.

Passwords are required to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential and requiring users to enter their password when switching users. However, since passwords do not have to be periodically changed in certain offices, passwords were not entered before switching users on shared computers in the County Collector-Treasurer's office, and passwords are not required in other offices, there is less assurance they 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, confidential, and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.



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5.2 Security controls

Security controls are not in place to lock computers in the Prosecuting Attorney's and Sheriff's offices after a specified number of incorrect logon attempts or after a certain period of inactivity. Logon attempt controls lock the capability to access a computer after a specified number of consecutive unsuccessful 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.

Recommendations

The County Commission work with the other county officials to:

- 5.1 Require confidential passwords for each employee that are periodically changed to prevent unauthorized access to the county's computers and data.
- 5.2 Require each county computer to have security controls in place to lock it after a specified number of incorrect logon attempts and after a certain period of inactivity.

Auditee's Response

- 5.1 *We have in the past suggested that passwords given to employees be changed regularly to prevent unauthorized access and will again make that request.*
- 5.2 *These security controls are already in place at the courthouse. We will send a request to the Prosecuting Attorney and Sheriff asking that they implement security controls on all county computers.*

Barton County

Organization and Statistical Information

Barton County is a township-organized, third-class county. The county seat is Lamar.

Barton County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. In addition to elected officials, the county employed 22 full-time employees and 35 part-time employees on December 31, 2016. The townships maintain county roads.

Elected Officials

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

Officeholder	2017	2016
Mike Davis, Presiding Commissioner	\$	29,060
Dennis Wilson, Associate Commissioner		27,060
Jeff Tucker, Associate Commissioner		27,060
Kathleen Dimond, Recorder of Deeds		41,000
Kristina Crockett, County Clerk		41,000
Steven H. Kaderly, Prosecuting Attorney		49,000
Mitchell (Mitch) Shaw, Sheriff		45,000
C. Tucker Joustra, County Coroner		13,000
Teresa E. Moore, Public Administrator		41,000
Barba Parrish, County Collector-Treasurer		
year ended March 31,	41,000	
Ivan Frieden, County Assessor,		
year ended August 31,		41,000