



Office of Missouri State Auditor
Nicole Galloway, CPA

Daviess County



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Daviess County

Prosecuting Attorney's Controls and Procedures	The Prosecuting Attorney did not perform documented monthly bank reconciliations for the year ended December 31, 2016, and a monthly list of liabilities is not prepared to reconcile to the bank balance. The Prosecuting Attorney did not disburse fees collected to the County Collector-Treasurer monthly as required by state law. The Prosecuting Attorney also does not prepare a monthly list of unpaid bad checks and restitution.
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. The Public Administrator, Recorder of Deeds, Sheriff, and the Daviess-DeKalb Regional Jail District Commission (Jail Commission) have not established adequate password controls to reduce the risk of unauthorized access to computers and data. The County Collector-Treasurer, Public Administrator, and Recorder of Deeds do not have security controls in place to lock computers after a certain period of inactivity.
Daviess-DeKalb Regional Jail District Commission Sunshine Law Compliance	As noted in the prior audit report, the Jail Commission did not always comply with the Sunshine Law.
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 **Good**.*

*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

Daviess County

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NICOLE GALLOWAY, CPA

Missouri State Auditor

To the County Commission
and
Officeholders of Daviess County

We have audited certain operations of Daviess County in fulfillment of our duties under Section 29.230, RSMo. In addition, Stopp and VanHoy, Certified Public Accountants and Business Advisors, LLC has been engaged to audit the financial statements of Daviess County for the 2 years ended December 31, 2016. 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:

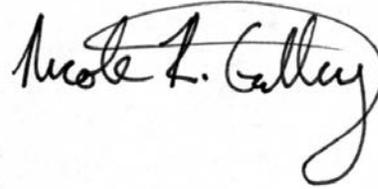
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 Daviess 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:	Todd M. Schuler, CPA
In-Charge Auditor:	Richard Stuck
Audit Staff:	Hunter O'Donnell, M.Acct. Sacha Tejan

Daviess County

Management Advisory Report

State Auditor's Findings

1. Prosecuting Attorney's Controls and Procedures

Controls and procedures in the Prosecuting Attorney's office need improvement. Approximately \$43,000 in bad check and court-ordered restitution and fees were collected during the year ended December 31, 2016.

1.1 Bank reconciliations and liabilities

The Prosecuting Attorney did not perform documented monthly bank reconciliations for the year ended December 31, 2016. In addition, a monthly list of liabilities is not prepared to reconcile to the bank balance, and a cumulative book balance is not maintained for the account. We requested the Prosecuting Attorney prepare a bank reconciliation. On April 20, 2017, she provided a spreadsheet indicating a \$5,212 reconciled bank balance, as of March 31, 2017.

Performing monthly bank reconciliations, preparing monthly lists of liabilities, and maintaining a cumulative book balance helps ensure accurate records are kept and increases the likelihood errors will be identified. Regular identification and comparison of liabilities to the available cash balance is necessary to ensure records are in balance and monies are available to satisfy all liabilities. Various statutory provisions provide for the disposition of unidentified monies.

A similar condition was noted in our prior audit report.

1.2 Disbursements

The Prosecuting Attorney did not disburse fees collected to the County Collector-Treasurer monthly as required by state law. Administrative handling fees of \$4,175 and Missouri Office of Prosecuting Services (MOPS) fees of \$680, collected from January 2016 through August 2016 were not disbursed to the County Collector-Treasurer until August 31, 2016. Also, administrative handling fees of \$1,500 and MOPS fees of \$220 collected from September 2016 through December 2016 were not disbursed until March 27, 2017.

To ensure all disbursements are accounted for properly and reduce the risk of loss, theft, or misuse of funds, administrative handling fees and MOPS fees should be disbursed timely. In addition, Sections 50.360 and 50.370, RSMo, require all county officials who receive fees or any other remuneration for official services to pay such monies monthly to the County Treasurer. Section 570.120.5, RSMo, requires all MOPS funds to be transmitted monthly by the County Treasurer to the Missouri Director of Revenue.

1.3 Accounts receivable

The Prosecuting Attorney does not prepare a monthly list of unpaid bad checks and restitution. At our request, the Prosecuting Attorney provided restitution ordered reports for each individual with outstanding restitution due. As of April 10, 2017, the office's accounting system showed approximately \$45,000 in outstanding restitution.



Daviess County
Management Advisory Report - State Auditor's Findings

A complete and accurate list of unpaid bad checks and restitution would allow office personnel to more easily review the amounts due, take appropriate steps to ensure amounts due are collected, and determine if any amounts are uncollectible.

Recommendations

The Prosecuting Attorney:

- 1.1 Ensure monthly bank reconciliations are performed, lists of liabilities are prepared and reconciled to the cash balance monthly and a cumulative book balance is maintained. Any differences between accounting records and reconciliations should be investigated and promptly resolved. After sufficient efforts are made to resolve differences, any remaining unidentified monies should be disposed of in accordance with state law.
- 1.2 Disburse administrative handling fees and MOPS fees monthly to the County Collector-Treasurer in accordance with state law.
- 1.3 Establish procedures to monitor and collect accounts receivable.

Auditee's Response

- 1.1 *The office has compiled monthly bank reconciliations for all of 2017, with monthly liabilities and a balance. A cumulative book balance is now maintained. This matter has been fully resolved and will not be a problem in the future.*
- 1.2 *Disbursements are now made on a monthly basis, at or near the end of the month.*
- 1.3 *This information, while always available to the office, is not easily accessible with our current software set-up, though we are working to correct this. There is now a running list of defendants who owe restitution. We do, and always have, maintained restitution and bad check files in a specific area, so that we can keep track of payments and disbursements. The collection of restitution is quite frustrating for most prosecutors and victims. Restitution, though always ordered when appropriate, is difficult if not impossible to collect when defendants are sent to jail or the Department of Corrections. As such, we get a judgment for the victim, but have very limited means to collect. The vast majority of these defendants are incarcerated, and not able to make payments. When a defendant is on probation and parole, we make their officers aware and do all we can to collect. We also send letters to defendants who do not make payments. We do all we can, and will continue to do all we can to collect restitution in these matters.*



2. 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.

2.1 Passwords

The Public Administrator, Recorder of Deeds, Sheriff, and the Daviess-DeKalb Regional Jail District Commission (Jail Commission) have not established adequate password controls to reduce the risk of unauthorized access to computers and data. The Public Administrator does not require a password to access her computer and employees in the other 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 are either not required or do not have to be periodically changed in certain 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 unique, confidential, and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

2.2 Security controls

The County Collector-Treasurer, Public Administrator, and Recorder of Deeds do not have security controls in place to lock computers after a certain period of inactivity.

Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs and data 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 Daviess-DeKalb Regional Jail District Commission and other county officials to:

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

Auditee's Response

We will discuss the auditor's concerns regarding passwords and computer security controls with the Jail Commission and other county officials and ensure these recommendations are implemented.



3. Daviess-DeKalb Regional Jail District Commission Sunshine Law Compliance

As noted in the prior audit report, the Jail Commission did not always comply with the Sunshine Law. Open meeting minutes did not cite the specific statute and subsection allowing the closure for any of the 12 closed meetings held in 2016. In addition, the Jail Commission discussed issues in closed meetings such as budgets, training of officers, pay increases for staff, and staff meals around Christmas that are not allowable under the Sunshine Law.

The Sunshine Law, Chapter 610, RSMo, requires public bodies announce the specific reasons allowed by law for going into a closed meeting and the reason for the closed meeting to be voted on at an open meeting. Additionally, the Sunshine Law also limits discussion topics and actions in closed meetings to only those specifically allowed by state law.

Recommendation

The County Commission work with the Daviess-DeKalb Regional Jail District Commission to ensure open meeting minutes document the specific statutory reason for entering closed meetings and ensure items discussed in closed meetings comply with the Sunshine Law.

Auditee's Response

The County Commission provided the following response:

We will discuss the auditor's recommendations related to the Sunshine Law with the Jail Commission and ensure meetings are conducted in accordance with state law in the future.

The Daviess-DeKalb Regional Jail District Commission provided the following response:

We agree with this recommendation and will ensure it is implemented.

Daviess County

Organization and Statistical Information

Daviess County is a township-organized, third-class county. The county seat is Gallatin.

Daviess 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 26 full-time employees and 8 part-time employees on December 31, 2016. The townships maintain county roads.

In addition, county operations include the Daviess-DeKalb Regional Jail District Commission, Senate Bill 40 Board, and Senior Citizens' Services Board. The Daviess-DeKalb Regional Jail District Commission includes the Presiding County Commissioners of Daviess and DeKalb Counties, as well as the Sheriff of each county.

Elected Officials

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

Officeholder	2017	2016
Randy Sims, Presiding Commissioner	\$	31,460
Carl Carder, Associate Commissioner		29,419
David Cox, Associate Commissioner		29,419
Jane McKinsey, Recorder of Deeds		44,574
Vicki J. Corwin, County Clerk		44,574
Andrea (Annie) Gibson, Prosecuting Attorney		52,785
Ben Becerra, Sheriff		49,266
David W. McWilliams, County Coroner		12,903
Linda S. Houghton, Public Administrator		23,460
Reta J. Rains, County Collector-Treasurer, year ended March 31,	44,574	
Betty Harmison, County Assessor, year ended August 31,		44,283