



Office of Missouri State Auditor
Nicole Galloway, CPA

Moniteau County



Findings in the audit of Moniteau County

Sheriff's Controls and Procedures	The Sheriff's office has not remitted net proceeds to the County Treasurer from the commissary account for deposit to the Inmate Prisoner Detainee Security Fund, and the County Commission has not established that fund. In addition, a monthly list of liabilities is not prepared for the commissary account and reconciled to the commissary's reconciled balance. Also, the Sheriff's office does not always deposit bond receipts timely or intact with other receipts.
Capital Assets	The county does not have procedures in place to identify capital asset purchases and dispositions throughout the year. In addition, county officials have not conducted annual physical inventories or provided inventory lists to the County Clerk as required.
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 Sheriff, Prosecuting Attorney, County Collector, and Public Administrator have not established adequate password controls to reduce the risk of unauthorized access to computers and data. In addition, security controls are not in place to lock computers in the Sheriff's or County Collector's offices after a specified number of incorrect logon attempts or after a certain period of inactivity.
Senate Bill 40 Board Cash Reserves	The Senate Bill 40 Board has accumulated a significant cash reserve without any specific plans for its use.
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

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NICOLE GALLOWAY, CPA

Missouri State Auditor

To the County Commission
and
Officeholders of Moniteau County

We have audited certain operations of Moniteau County in fulfillment of our duties under Section 29.230, RSMo. In addition, Beard-Boehmer & Associates, PC, Certified Public Accountants, has been engaged to audit the financial statements of Moniteau 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.

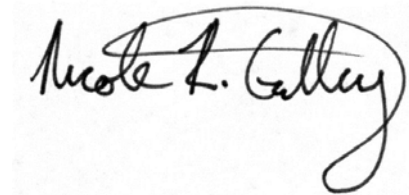
Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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 Moniteau County.

An additional audit of the Moniteau County Collector and Property Tax System, fulfilling our obligations under Section 52.150, RSMo, is still in process, and any additional findings and recommendations will be included in the subsequent report.

A handwritten signature in black ink, reading "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:	John Lieser, CPA
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Moniteau County Management Advisory Report State Auditor's Findings

1. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The Sheriff's office collected monies for bonds, concealed carry weapon permits, civil paper service, and other miscellaneous receipts totaling approximately \$126,000 during the year ended December 31, 2016.

1.1 Inmate commissary account

The Sheriff's office has not remitted net proceeds to the County Treasurer from the commissary account for deposit to the Inmate Prisoner Detainee Security Fund, and the County Commission has not established that fund. In addition, the Sheriff's office does not prepare a monthly list of liabilities for the commissary account, and consequently, liabilities are not compared to the commissary's reconciled bank balance.

In March 2016, the Sheriff's office began providing a commissary for inmates and processing inmate monies, commissary sales, and payments to the commissary vendor through the commissary account. Deposits to the commissary account totaled approximately \$27,000 during 2016. The commissary's reconciled bank balance at December 31, 2016, was \$13,271. The Sheriff's office does not prepare a list of the liabilities and could not provide the amount of net proceeds comprising the balance. Some of the net proceeds should have been disbursed to the Inmate Prisoner Detainee Security Fund.

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. Additionally, without regular identification and comparison of liabilities to the reconciled bank balance, there is less likelihood errors will be identified and the ability to both identify liabilities and resolve errors is diminished.

1.2 Bonds

The Sheriff's office does not always deposit bond receipts timely or intact with other receipts. Some bond receipts were not included in the weekly deposits during October 2016 through December 2016, and not deposited until one or more weeks later. For example, one bond received on October 4 for \$300 and another bond received on October 6 for \$392 were not deposited until November 7, 2 bonds received on November 1 totaling \$1,000 were not deposited until January 12, 2017, and a bond received on December 13 for \$185 was not deposited until April 13, 2017. The Sheriff's clerk indicated she received additional duties during this period, and some bond receipts were misplaced and were deposited when subsequently located. The Sheriff's office collected approximately \$63,000 in bonds during the year ended December 31, 2016.

To safeguard receipts and to reduce the risk of loss, theft, or misuse of monies received, all receipts should be deposited intact and timely.



Recommendations

The Sheriff:

- 1.1 Work with the County Commission to establish an Inmate Prisoner Detainee Security Fund, and disburse net proceeds not necessary to meet cash flow needs or current operating expenses to the County Treasurer for deposit in that fund. In addition, the Sheriff prepare a monthly list of liabilities and reconcile it to the available cash balance, and promptly investigate and resolve any differences.
- 1.2 Ensure bond receipts are deposited intact and timely.

Auditee's Response

- 1.1 *I will implement these recommendations as requested.*

We are in the process now of switching banking institutions and will establish this fund through the County Treasurer's office as mandated.

The monthly list of liabilities for the commissary account are kept in records maintained by our commissary company that provides us with a detailed list of expenditures and expenses each month. This record is then cross referenced with our list of received products and expenses and also compared to the activity of the individual inmate accounts.

- 1.2 *Bonds received by the Sheriff's office are held at the detention facility until the Sheriff's clerk can retrieve the bonds and process them. We have just hired a second clerk located at the detention facility to help ensure that the bonds are processed in a timely manner. Taking into account the recommendation of the State Auditor's Office, I will implement this recommendation to help ensure the timely processing of all bonds.*

2. Capital Assets

Procedures and records to account for county property are not adequate. The county does not have procedures in place to identify capital asset purchases and dispositions throughout the year. In addition, county officials have not conducted annual physical inventories or provided inventory lists to the County Clerk as required. According to the Presiding Commissioner, in 2013, the County Commission requested county officials conduct inventories and submit inventory lists to the County Clerk, but officials did not respond to the request and the County Commission has made no further requests. As a result, the county's capital asset records are not complete and up to date.

Adequate capital asset records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Procedures to track capital asset



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purchases and dispositions throughout the year and compare to physical inventory results would enhance the county's ability to account for capital assets and potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Section 49.093, RSMo, provides that the officer or his/her designee of each county department is responsible for performing annual inspections and inventories of county property used by their department and for submitting an inventory report to the County Clerk.

A similar condition was noted in our 4 prior audit reports.

Recommendation

The County Commission and the County Clerk work with other county officials to ensure complete and detailed capital asset records are maintained, and acquisitions and dispositions are tracked.

Auditee's Response

We will continue to monitor capital assets and work with elected officials to obtain physical inventories in accordance with state statutes.

3. 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.

3.1 Passwords

The Sheriff, Prosecuting Attorney, County Collector, and Public Administrator have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees in the offices of Sheriff, County Collector, and Public Administrator are not required to change passwords periodically to help ensure passwords remain known only to the assigned user. Additionally, the Prosecuting Attorney and 2 office employees use the same password for the office's computers.

Passwords are necessary 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 and/or are shared by employees in some offices, there is less assurance access to computers and data files is effectively limited 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.

3.2 Security Controls

Security controls are not in place to lock computers in the Sheriff's or County Collector'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



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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.

Similar conditions
previously reported
Recommendations

Similar conditions were noted in our prior audit report.

The County Commission work with other county officials to:

- 3.1 Require confidential passwords that are periodically changed to prevent unauthorized access to county computers and data.
- 3.2 Require each county computer 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

We will work with county officials to require passwords be changed monthly and request security controls be put in place to lock the computers after a designated number of incorrect logon attempts and period of inactivity.

**4. Senate Bill 40
Board Cash
Reserves**

The Senate Bill 40 Board (Board) has accumulated a significant cash reserve without any specific plans for its use. The Board's cash balance at December 31, 2016, totaled approximately \$1.5 million and exceeded the total disbursements of approximately \$1.1 million for the year ended December 31, 2016. The Executive Director indicated the Board is concerned about possible future law changes reducing other revenue sources.

Accumulating an excessive cash balance with no specific long-term plans for the use of the monies puts an unnecessary burden on taxpayers. The Board should determine its future needs, and consider reducing future tax levies if a specific use for the cash reserves is not determined.

Recommendation

The Senate Bill 40 Board should evaluate funding needs and consider reducing the property tax levy. If plans have been made for expending the accumulated cash balance, such plans should be set forth publicly in the budget document.

Auditee's Response

We will evaluate future funding needs for programming and establish a reserve fund policy.

Moniteau County

Organization and Statistical Information

Moniteau County is a county-organized, third-class county. The county seat is California.

Moniteau 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. In addition to elected officials, the county employed 36 full-time employees and 16 part-time employees on December 31, 2016.

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	2017	2016
Kenneth Kunze, Presiding Commissioner	\$	29,699
Kim F. Roll, Associate Commissioner		27,608
Tony Barry, Associate Commissioner		27,608
Michele A. Higgins, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Roberta Elliott, County Clerk (2)		49,318
Shayne W. Healea, Prosecuting Attorney		135,731
Jay Gump, Sheriff		46,013
Sarah B. Jones, County Treasurer		41,500
Loyd Fulks, County Coroner		14,000
Cher King Caudel, Public Administrator		26,144
Cheryl K. Duvall, County Collector (3) year ended February 28,	49,318	
Melissa Hentges, County Assessor, year ended August 31,		41,830

- (1) Compensation is paid by the state.
- (2) Includes \$7,488 of commissions earned for preparing city property taxes.
- (3) Includes \$7,488 of commissions earned for collecting city property taxes.