



Office of Missouri State Auditor
Nicole Galloway, CPA

St. Clair County



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of St. Clair County

Sheriff's Controls and Procedures	The Sheriff does not disburse some commissary net proceeds to the county Inmate Prisoner Detainee Security Fund as required by state law and some purchases from the fund are questionable. The Sheriff does not prepare a monthly list of liabilities for the fees account, and consequently, liabilities are not agreed to the reconciled bank balance. The Sheriff maintains a petty cash bank account outside the county treasury.
Property Tax System Access	Property tax system access was not adequately restricted. The County Collector had unlimited access rights.
County Procedures	The county did not always enter into written agreements when contracting with other political subdivisions and did not receive a financial statement from a special road district as required by the written agreement with that district. Procedures and records to account for county property are not adequate.
Public Administrator's Files	The former Public Administrator did not turn over all applicable records to the new Public Administrator upon retiring from office.
Passwords and User Identifications	The County Clerk, County Collector, 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 **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.

St. Clair County Table of Contents

State Auditor's Report	2										
<hr/>											
Management Advisory Report - State Auditor's Findings	<table><tr><td>1. Sheriff's Controls and Procedures</td><td>4</td></tr><tr><td>2. Property Tax System Access</td><td>6</td></tr><tr><td>3. County Procedures</td><td>7</td></tr><tr><td>4. Public Administrator's Files</td><td>9</td></tr><tr><td>5. Passwords and User Identifications.....</td><td>9</td></tr></table>	1. Sheriff's Controls and Procedures	4	2. Property Tax System Access	6	3. County Procedures	7	4. Public Administrator's Files	9	5. Passwords and User Identifications.....	9
1. Sheriff's Controls and Procedures	4										
2. Property Tax System Access	6										
3. County Procedures	7										
4. Public Administrator's Files	9										
5. Passwords and User Identifications.....	9										
<hr/>											
Organization and Statistical Information	11										



NICOLE GALLOWAY, CPA

Missouri State Auditor

To the County Commission
and
Officeholders of St. Clair County

We have audited certain operations of St. Clair 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 St. Clair 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:

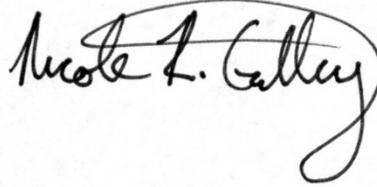
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 St. Clair County.

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
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	Mackenzie J. Wooster

St. Clair County Management Advisory Report State Auditor's Findings

1. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. Office personnel deposited approximately \$245,000 into the fees bank account for civil and criminal process fees, bonds, prisoner board, and other miscellaneous receipts during the year ended December 31, 2016. The Sheriff also operates a jail and maintains a commissary for inmates to purchase various snacks and personal items. Office personnel deposited approximately \$539,000 into the commissary bank account for commissary receipts during the year ended December 31, 2016.

1.1 Inmate Prisoner Detainee Security Fund

The Sheriff does not disburse some commissary net proceeds to the county Inmate Prisoner Detainee Security (IPDS) Fund as required by state law. In addition, it is questionable how some items purchased from the fund could be utilized for the detention, custody, and housing of inmates. The Sheriff receives a commission on the commissary sales from the commissary vendors, which are retained with the inmate monies, in the commissary account. Any amount above the inmate monies is considered commissary net proceeds. When distributing commissary net proceeds quarterly to the county, 80 percent is distributed to the IPDS Fund and 20 percent to the Commissary Fund instead of distributing all the proceeds to the IPDS Fund. The IPDS Fund can only be used for certain purposes and distributing monies to another fund does not ensure proper use of the monies. The Sheriff distributed approximately \$58,000 to the County Treasurer for deposit in the Commissary Fund in 2016. There are no statutory provisions that allow the commissary net proceeds to be used for unrestricted purposes.

The Sheriff's office also purchased items from the IPDS Fund that were not for the detention, custody, and housing of inmates as required by state law. Questionable items purchased include 16 radios for patrol vehicles (the jail has 3 vans for prisoner transport) costing \$28,400, lease payments for 6 patrol vehicles totaling \$50,209 (for patrol of county roads and responding to law enforcement calls rather than jail operations), and a remote control target practice robot costing \$1,958 (for deputy rather than jailer training).

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) of the commissary account into the county Inmate Prisoner Detainee Security Fund held by the County Treasurer. In addition, Section 488.5026.3, RSMo, mandates how the funds deposited in the Inmate Prisoner Detainee Security Fund shall be used. These funds must 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.

1.2 Liabilities

The Sheriff does not prepare a monthly list of liabilities for the fees account, and consequently, liabilities are not agreed to the reconciled bank balance.



St. Clair County
Management Advisory Report - State Auditor's Findings

The reconciled bank balance at December 31, 2016, was \$3,389, while identified liabilities, totaled \$448, leaving an unidentified balance of \$2,941.

Regular identification and comparison of liabilities to the available cash balance is necessary to ensure accounting records are in balance and monies are available to satisfy all liabilities. Differences must be adequately investigated and explained. Various statutory provisions address the disposal of unidentified monies.

A similar condition was noted in our 2 prior audit reports.

1.3 Account held outside treasury

The Sheriff maintains a petty cash bank account outside the county treasury to account for proceeds from calendar and soda sales and fees collected for fingerprinting and processing drug test screenings. During 2016, the Sheriff spent approximately \$3,100 from the account for memberships and donations (\$680), drug buy money (\$500), party expenses (\$258), Christmas cards and wristbands including related postage (\$471), advertising (\$105), and other disbursements (\$1,086). The bank account had a \$568 balance as of the December 30, 2016, bank statement.

There is no statutory authority allowing the Sheriff to maintain this account outside the county treasury. Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such monies to the County Treasurer. In addition, Attorney General's Opinion No. 45-1992 to the Hickory County Prosecuting Attorney, states sheriffs are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury.

Recommendations

The Sheriff:

- 1.1 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, ensure the fund is used in accordance with state law, and reimburse the fund from the applicable funds for any unallowable disbursements.
- 1.2 Prepare monthly lists of liabilities and agree the totals to the available cash balances. Any differences should be promptly investigated and resolved. Any unidentified monies should be disposed of in accordance with state law.
- 1.3 Transfer the balance of the petty cash bank account to the County Treasurer and close the account.



St. Clair County
Management Advisory Report - State Auditor's Findings

Auditee's Response

- 1.1 *All funds previously divided between the Commissary Fund and Inmate Prisoner Detainee Security Fund will now all be deposited in the Inmate Prisoner Detainee Security Fund. We are presently in the process of making these changes. The Commissary Fund will be dissolved within the next budget process with all funds going to the Inmate Prisoner Detainee Security Fund. All other recommendations have been or are currently in the process of being implemented.*
- 1.2 *This is in the process of being implemented. We have also started a new account and will be working to dispose of the unidentified balance.*
- 1.3 *I understand and agree with the suggestion about the petty cash account. I attempted to do this previously and it was in a budget line for only one year. It was then denied the next year during the budget negotiations by the County Commission. I will again attempt to place it in as a line item in the budget to make necessary changes.*

2. Property Tax System Access

Property tax system access was not adequately restricted. The County Collector had unlimited access rights in the property tax system. Having such access allowed changes to be made to individual tax records throughout the tax year. Because the County Collector is responsible for collecting tax monies, good internal controls require she not have access rights allowing her to be able to alter or delete tax rates, assessed values, and property tax billings. With unrestricted access, there is an increased risk of unsupported or unauthorized changes occurring in the property tax system after the taxes are approved for the year. The County Collector's office processed collections totaling approximately \$6.7 million during the year ended February 28, 2017.

To prevent unauthorized changes to the property tax records, access should be limited based on user needs.

A similar condition was noted in our prior audit report.

Recommendation

The County Clerk and County Commission ensure property tax system access is restricted to only allow officials and personnel to access functions necessary for their duties.

Auditee's Response

The County Clerk and County Commission provided the following response:

A new property tax system was purchased that restricts most access of the officials to only those necessary. We are working with the vendor to ensure access to the real property additions and abatements is restricted in the future.



St. Clair County
Management Advisory Report - State Auditor's Findings

The County Collector provided the following response:

We have completed a conversion to a new software system that will alleviate these concerns. With the new software system, neither the County Collector nor anyone in the County Collector's office has access or ability to change any assessed value.

3. County Procedures

Procedures for written agreements and capital assets need improvement.

3.1 Written agreements

The county did not always enter into written agreements when contracting with other political subdivisions and did not receive a financial statement from a special road district as required by the written agreement with that district.

- The County Commission did not obtain written agreements from 4 of 7 special road districts for the distribution of county aid road trust (CART) monies. During the year ended December 31, 2016, the county distributed approximately \$156,000 in CART monies to the Chloe, Collins, Hillsdale, and Lowry City Special Road Districts without a written agreement. In addition, the Appleton City Special Road District did not submit a financial statement to the county as required by the written agreement.
- The Sheriff has not entered into written agreements with some surrounding counties for the boarding of his prisoners in those counties. Such agreements should detail the housing rate to be paid, the services to be provided, or any required notification for emergency or non-routine situations.

Section 432.070, RSMo, requires all agreements of political subdivisions to be in writing. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Also, without requiring special road districts to submit financial statements, the county cannot adequately monitor how CART monies are being spent appropriately.

3.2 Capital assets

Procedures and records to account for county property are not adequate. The County Clerk did not request annual physical inventory lists from county officials and those officials have not conducted annual physical inventories or provided inventory lists to the County Clerk as required. 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. Section 49.093, RSMo, provides that the officer or designee of each county department is responsible for performing annual inspections and inventories of county property used by



St. Clair County
Management Advisory Report - State Auditor's Findings

his/her department and for submitting an inventory report to the County Clerk.

Recommendations

The County Commission:

- 3.1 And the Sheriff enter into written agreements with other political subdivisions as appropriate, and ensure the agreements are signed by all parties and specify the services to be rendered and the manner and amount of compensation to be paid. The County Commission should also ensure contract terms are complied with.
- 3.2 And the County Clerk work with other county officials to ensure complete and accurate capital assets records are maintained and annual physical inventories are conducted.

Auditee's Response

The County Commission provided the following responses:

- 3.1 *We are working toward obtaining contracts with the special road districts and will ensure the special road districts submit financial statements in the future.*
- 3.2 *We will work with the County Clerk and other county officials to ensure complete and accurate capital asset records are maintained and annual physical inventories are conducted.*

The Sheriff provided the following response:

- 3.1 *We will obtain written contracts with the counties used to house prisoners.*

The County Clerk provided the following response:

- 3.2 *The common practice is to add inventory as the invoices come through the office to be purchased. I stamp the invoice "inventory" and a copy is placed in the inventory record. Deletions are made if/when the officeholders give me a written document stating such item has been disposed of.*

From this date forward I will comply with Section 49.093, RSMo, which states that I have the discretion to inspect and inventory any office or county property used by such department with an original value less than \$1,000. I will do this if I do not receive the required documentation from the officeholder by the tenth of October of each year.



4. Public Administrator's Files

The former Public Administrator did not turn over all applicable records to the new Public Administrator upon retiring from office. While the former Public Administrator filed final settlements and turned over wards' checkbooks as required, she did not turn over all other ward documents. As a result, the current Public Administrator does not have complete information, including prior bank statements for all wards and a mortgage document for one ward.

Section 473.767, RSMo, requires the public administrator to deliver property and file necessary settlements prior to leaving his or her term of office. Also, Section 109.270, RSMo, indicates all records made or received by officials in the course of their public duties are public property.

Recommendation

The former Public Administrator deliver all records to the current Public Administrator.

Auditee's Response

The current Public Administrator provided the following response:

The county has secured an area for records and we are in the process of moving them to the courthouse. I am still attempting to find out about the records prior to 2001. Those records, if still existing, may or may not contain a mortgage document. The former official could not provide a document as the former official was not given the records.

The county now understands the necessity of the records and has made provision for storage. In my opinion, it is a lack of office space in the courthouse, it being a part-time position, and long tenures of service that has led to this situation. The former official, in my opinion, did the job to the best of their ability and understanding at the time.

The former Public Administrator provided the following response:

I have turned over all documents/records from my 16 years in office to the current Public Administrator. It is my understanding that these files will be housed at the courthouse. All bank statements are in those files. As per the findings, I turned all checkbooks and checks over to the current Public Administrator when the cases were transferred. He agrees with this. As for the mortgage document referred to, the Public Administrator prior to me did not give me any document of that nature, I did receive an amortization schedule which I gave to the current Public Administrator. I am very happy to turn these records over, for the county to store, freeing up my storage area.

5. Passwords and User Identifications

The County Clerk, County Collector, and Recorder of Deeds have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees in the offices of the County Clerk and Recorder of Deeds are not required to change passwords periodically. In



St. Clair County
Management Advisory Report - State Auditor's Findings

addition, the County Collector and Recorder of Deeds each share their user account and password with their deputies.

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 and/or shared by employees, 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 and user accounts should be unique to each employee to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

Recommendation

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

Auditee's Response

The County Commission provided the following response:

We will work with other county officials to encourage the use of unique user accounts and confidential passwords that are periodically changed.

The County Collector provided the following response:

The County Collector's office consists of the County Collector, a full-time deputy, and temporary help during the tax season. It is necessary for the Deputy to be able to access the County Collector's computer during the absence of the County Collector for certain forms, as well as the County Collector to be able to access the Deputy's computer. With regard to the property tax system the County Collector and Deputy each have their own login and will not be sharing that with each other in the future. Additionally, the temporary help will be issued a login. Passwords will not be shared for the property tax system in the future.

St. Clair County

Organization and Statistical Information

St. Clair County is a county-organized, third-class county. The county seat is Osceola.

St. Clair 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 107 full-time employees and 7 part-time employees on December 31, 2016.

Elected Officials

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

Officeholder	2017	2016
Robert Salmon, Presiding Commissioner	\$	28,849
Gerald R. Williams, Associate Commissioner		26,849
Leroy D. Strobe, Associate Commissioner		26,849
Pat Speight Terry, Recorder of Deeds		40,322
Debbie Peden, County Clerk		40,662
Josh Jones, Prosecuting Attorney		48,598
Scott Keeler, Sheriff		46,330
Rhonda Shelby, County Treasurer		40,322
C. Randy Sheldon, County Coroner		11,696
Laurie Stinnett, Public Administrator		20,000
Pamela Guffey, County Collector (1), year ended February 28,	40,943	
Gladys J. Smith, County Assessor, year ended August 31,		40,710

(1) Includes \$233 of commissions earned for collecting city property taxes.