



Office of Missouri State Auditor
Nicole Galloway, CPA

Dade County



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Dade County

Sheriff's Inmate Monies and Commissary Controls and Procedures

Significant weaknesses in internal controls and recording-keeping procedures of the Sheriff's office allowed missing monies to occur and go undetected. Inmate monies totaling \$795.99 from 32 receipt slips were received and not deposited into the inmate bank account, and as a result, these monies are missing. The Sheriff has not adequately segregated accounting duties or performed adequate and timely supervisory reviews of detailed accounting and bank records. Procedures for receipting, recording, and depositing inmate monies need improvement. The Sheriff does not prepare timely monthly bank reconciliations and does not prepare a list of liabilities. The Sheriff does not disburse commissary net proceeds to the county Inmate Prisoner Detainee Security Fund as required by state law. The Sheriff's office is collecting a \$10 drug testing fee that is not allowed by state law.

Sheriff's Controls and Procedures

The Sheriff has not adequately segregated accounting duties or performed adequate and timely supervisory reviews of detailed accounting and bank records. Bond monies and civil and criminal process fees are not deposited intact or timely and were not timely recorded in the computerized accounting system. The Sheriff does not disburse some civil and criminal process fees and bond monies timely. The Sheriff does not prepare accurate timely monthly bank reconciliations and does not prepare lists of liabilities. Access is not adequately restricted to seized cash.

County Collector-Treasurer's Controls and Procedures

The County Collector-Treasurer did not withhold amounts from tax collections for the Assessment Fund in compliance with state law. The County Collector-Treasurer did not properly review or calculate commissions taken on delinquent taxes, current railroad and utility taxes, and surtax. The County Collector-Treasurer's contracts with 5 cities to provide property tax billing and collection services have not been periodically updated and are not current.

Property Tax System

Neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector-Treasurer. The County Commission does not review and approve court orders for property tax additions and abatements. The County Clerk does not have procedures in place to ensure aggregate abstracts prepared are accurate.

Electronic Data Security

The County Collector-Treasurer and Recorder of Deeds 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 offices of the Recorder of Deeds and County Assessor after a specified number of incorrect logon attempts. The Recorder of Deeds and the Public Administrator do not store data backup files at an offsite location. In addition, backups are not tested periodically in the offices of the Recorder of Deeds, Public Administrator, and Prosecuting Attorney.

Additional Comments

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

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

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Dade County

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NICOLE GALLOWAY, CPA

Missouri State Auditor

County Commission
and
Officeholders of Dade County

We have audited certain operations of Dade County in fulfillment of our duties under Section 29.230, RSMo. In addition, Stopp & VanHoy, Certified Public Accountants, and Business Advisors, LLC, was engaged to audit the financial statements of Dade 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:

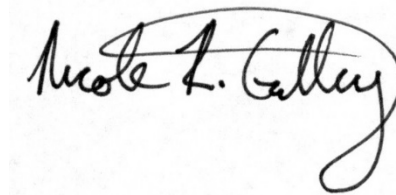
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 Dade County.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is fluid and cursive, with a large loop at the end of the last name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

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Dade County

Management Advisory Report

State Auditor's Findings

1. Sheriff's Inmate Monies and Commissary Controls and Procedures

Inmate receipts totaling \$795.99 were received but not deposited into any of the 3 Sheriff's office bank accounts. Significant weaknesses in internal controls and recording-keeping procedures of the Sheriff's office as noted throughout this report, allowed the missing monies to occur and go undetected. The Sheriff collected approximately \$16,800 of inmate monies and commissary commissions during our review period of January 1, 2016, through August 31, 2017.

The Sheriff's office uses a computerized accounting system to track inmate monies and commissary sales. Computerized receipt slips are issued by jailers; however, some of these employees and the Administrative Assistant continue to issue manual receipt slips for inmate monies. A separate computerized accounting system is used by the Sheriff's Administrative Assistant to track other receipts, deposits, disbursements, and by the Sheriff to prepare bank reconciliations.

1.1 Missing monies

Inmate monies totaling \$795.99 from 32 receipt slips were received and not deposited into the inmate bank account, and as a result, these monies are missing. The monies were recorded by various jailers or the Administrative Assistant either on manual receipt slips or in the computerized accounting system used to track inmate monies.

- Inmate receipts (cash) totaling \$45, recorded on 4 manual receipt slips issued between February 16, 2016, and August 31, 2016, were not deposited.
- Inmate receipts totaling \$750.99, recorded on 28 electronic receipt slips in the computerized accounting system between January 1, 2016, and July 16, 2017, were not deposited.

The lack of segregation of duties, inadequate controls, and the absence of proper oversight by the Sheriff resulted in the missing monies being undetected. Our initial review of the Sheriff's accounting records, indicated inmate receipts totaling \$3,070.23, recorded on 60 receipt slips (manual and electronic) issued between January 1, 2016, and August 31, 2017, were not deposited. However, upon providing this list of receipt slips to the Sheriff, he was able to determine how some of these monies (28 of the 60 receipt slips) were handled; however, the accounting records were not corrected for the various issues (see sections 1.3 and 1.4). The Sheriff could not determine or explain the disposition of the remaining 32 receipt slips. The Supporting Documentation for Missing Inmate Receipts section provides details regarding the missing monies.

1.2 Segregation of duties and supervisory reviews

The Sheriff has not adequately segregated accounting duties or performed adequate and timely supervisory reviews of detailed accounting and bank records. The Administrative Assistant is responsible for receipting, recording, and depositing monies; and preparing checks. The Sheriff does not perform a



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timely review of the accounting and bank records to ensure monies received were properly recorded, deposited, and disbursed (see section 1.4).

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receipting, recording, and 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.

1.3 Receipting, recording, and depositing

Procedures for receipting, recording, and depositing inmate monies need improvement.

- Manual receipt slips for inmate monies are not always issued in numerical sequence. Thirty-eight receipt slips of the 338 issued from January 2016 through August 2017 were not issued in numerical sequence.
- Some cash refunds totaling \$756 refunded to inmates when released from jail from January 2016 to August 2017 were not always recorded in the computerized accounting system, resulting in the overstatement of inmates' balances. Office procedure requires inmate monies over \$5 to be deposited and refunds be issued by check. In addition, during the period February 2017 through May 2017, the Sheriff made duplicate payments by refunding \$116 by check to inmates who had already received their refunds in cash.
- The Sheriff's office does not document the transmittal of monies from the jailers to the Administrative Assistant, and the Administrative Assistant does not reconcile the composition of the receipt slips issued to the monies transmitted and deposited.
- Inmate monies are not deposited intact or timely. For example, \$110 received on August 6 and 7, 2016, was held and not deposited until the August 16, 2016, deposit totaling \$337. This money was not deposited although other money receipted from July 27, 2016, to August 9, 2016, totaling \$449 was deposited on August 10, 2016. In addition, the Sheriff's Administrative Assistant held 68 percent of inmate money more than a week before depositing it.
- Checks received are not restrictively endorsed at the time of receipt and are only endorsed when deposits are prepared. For example, a check issued from another jail to an inmate was received on August 10, 2017, was endorsed by the inmate and was still on hand at the time of our cash count on August 31, 2017. The check could have been negotiated since the Sheriff's office had not applied a restrictive endorsement on the check.



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

1.4 Bank reconciliations and liabilities

The Sheriff does not prepare timely monthly bank reconciliations and does not prepare a list of liabilities. The Sheriff did not prepare monthly bank reconciliations for February 2016 through December 2016 until June 2017. In addition, accurate accounting records were not maintained, and errors were not corrected timely. As a result, reports generated from the computerized accounting systems used to track both inmate monies and commissary sales and receipts, deposits, and disbursements cannot be relied upon by the Sheriff to reconcile the inmate bank account.

For example, \$561 of seized cash was incorrectly recorded in the computerized accounting system on May 26, 2016, as inmate monies. These monies were placed into evidence and not deposited into the inmate bank account. The error was not corrected until July 31, 2017. Additionally, we identified \$167 owed and refunded to inmates by check from January 2016 to August 2017, that was not deposited. Also, during our review of the December 31, 2016, bank reconciliation prepared by the Sheriff, we identified 12 deposits in transit from August 18, 2015, to October 31, 2015, totaling \$1,971 and 3 outstanding checks totaling \$477 that had already cleared the bank.

A list of liabilities is also not prepared for the inmate account. The reconciled inmate bank account balance was \$6,405 as of December 31, 2016. While the computerized accounting system used to track inmate monies can produce a list of inmate monies on hand (liabilities), such a list was not generated as of December 31, 2016. Commissary net proceeds remain in the bank account and the Sheriff does not track net proceeds. Since a list of liabilities is not maintained and commissary net proceeds are not tracked, we cannot determine if there are unidentified monies or a shortage of monies in the bank account.

Performing monthly bank reconciliations timely and preparing monthly lists of liabilities helps ensure receipts and disbursements have been properly handled and recorded, and increases the likelihood errors will be identified and corrected timely. Regular identification and comparison of liabilities to the reconciled 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.

1.5 Inmate Prisoner Detainee Security Fund

The Sheriff does not disburse commissary net proceeds to the county Inmate Prisoner Detainee Security Fund as required by state law. All commissary net proceeds from the commissary sales, and commissions received from the commissary vendors for purchases made by the Sheriff are retained with the



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inmate monies and drug testing fees, in the inmate bank account. Any amount in the bank account exceeding the inmate monies and drug testing fees is considered commissary net proceeds.

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.

1.6 Drug testing fees

The Sheriff's office is collecting a \$10 drug testing fee that is not allowed by state law. The drug testing fee is collected for all drug tests administered, including the general public, unless the fee is waived by the court. These fees are deposited into the inmate bank account. The Sheriff's office does not track and does not know the amount of drug testing fees being held in the account. There is no statutory authority allowing the Sheriff to charge and collect such a fee.

Recommendations

The Sheriff:

- 1.1 Investigate the missing inmate receipts. The Sheriff should also work with law enforcement officials regarding criminal prosecution.
- 1.2 Segregate accounting duties or ensure documented independent or supervisory reviews of detailed accounting and bank records are performed.
- 1.3 Establish procedures to issue manual receipt slips in numerical sequence, only issue refunds to inmates by check, document the transmittal of inmate monies between office personnel and reconcile the composition of receipts to the composition of amounts transmitted, deposit monies intact and timely, and restrictively endorse checks at the time of receipt.
- 1.4 Ensure monthly bank reconciliations and lists of liabilities are prepared and reconciled timely. Any differences between accounting records and reconciliations should be promptly investigated and resolved. In addition, if any monies remain unidentified, the monies should be disbursed in accordance with state law.
- 1.5 Ensure existing and future commissary net proceeds not necessary to meet cash flow needs or current operating expenses are disbursed to



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the County Collector-Treasurer for deposit in the Inmate Prisoner Detainee Security Fund.

1.6 Discontinue charging and collecting drug testing fees.

Auditee's Response

1.1 *I will investigate the allegations and contact an outside agency to investigate should I find reasonable belief that funds have been stolen.*

1.2 *Duties will be segregated to the extent they can. I will begin having the jailers issue receipt slips, the Jail Supervisor review receipt slips and prepare the deposits, and the Administrative Assistant perform a documented review and take the deposit to the bank. I will, or I will assign the task to another for an independent and timely review of bank records and proper disbursement of funds if appropriate.*

1.3 *I have discontinued using the manual receipt slips and all inmate monies are receipted in the computerized accounting system, which automatically assigns a receipt slip in numerical sequence. I will enforce the policy of no cash refunds over \$5 and all refunds over \$5 will be deposited and refunded by check. My office primarily receives cash, and any instances when any other form of payment is received the payment method will be documented in the accounting system. The computerized accounting system is capable of generating a cash closeout report. I will begin requiring this report to be generated and reconciled by composition and totaled to the monies on hand at the end of each shift. The cash closeout report will be reviewed and reconciled to the monies on hand by the Jail Supervisor. The Jail Supervisor will prepare the deposits, and the Administrative Assistant will perform a documented review of the deposit. Deposits will be prepared on a weekly basis to ensure all monies are deposited timely. All checks received will be endorsed immediately as the checks are received.*

1.4 *I will prepare bank reconciliations and lists of liabilities monthly and investigate any differences immediately. I will distribute any unidentified monies in accordance with state law. If I am unable to perform these duties in a timely manner, I will delegate these duties to ensure the bank accounts are reconciled in a timely manner.*

1.5 *I will turn over existing commissary net proceeds to the County Collector-Treasurer and turn over future commissary net proceeds to the County Collector-Treasurer on a monthly basis to be deposited into the Inmate Prisoner Detainee Security Fund.*



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1.6 *I am taking the recommendation under consideration and will seek legal advice regarding the charging and collecting of the drug testing fees.*

2. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The Sheriff's office collected approximately \$70,000 of civil and criminal process fees, bonds, and other miscellaneous fees during the year ended December 31, 2016.

2.1 Segregation of duties and supervisory reviews

The Sheriff has not adequately segregated accounting duties or performed adequate and timely supervisory reviews of detailed accounting and bank records. The Administrative Assistant is responsible for receipting, recording, and depositing monies; and preparing checks. While the Sheriff performs bank reconciliations and signs checks, he does not timely perform a review of the accounting records to ensure monies received were 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 receipting, recording, and 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 Depositing and recording

Bond monies and civil and criminal process fees are not deposited intact or timely and were not timely recorded in the computerized accounting system. For example, a \$5,000 cash bond received on January 12, 2016, was not recorded in the computerized accounting system until January 22, 2016, and not deposited until February 5, 2016. In another example, a \$30 civil process fee received on April 22, 2016, was held and not deposited until August 10, 2016. Civil and criminal process fees collected from January 19, 2017, through May 5, 2017, totaling \$1,256 were not deposited until May 11 through May 17, 2017. Civil and criminal process fees are typically not recorded into the computerized accounting system until the deposit is prepared.

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

2.3 Disbursements

The Sheriff does not disburse some civil and criminal process fees and bond monies timely. Civil and criminal process fees collected from January to April 2016, totaling \$3,831, were not disbursed to the County Collector-Treasurer until October 2016, and civil and criminal process fees collected from May to December 2016, totaling \$5,573 were not disbursed to the County Collector-Treasurer until June 2017. Two bonds received on September 22, 2016, totaling \$400, had not been disbursed as of October 18, 2017.



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Timely disbursement of monies collected is necessary to provide adequate controls over account balances and increase the likelihood discrepancies are promptly detected. In addition, Section 50.370, RSMo, requires all county officials who receive fees or any other remuneration for official services to pay such fees monthly to the County Treasurer. Additionally, pursuant to Section 50.380, RSMo, the Sheriff may be subject to penalties for failure to timely disburse monies.

2.4 Bank reconciliations and liabilities

The Sheriff does not prepare accurate timely monthly bank reconciliations and does not prepare lists of liabilities. For example, the January 2017 fee account bank reconciliation was not prepared until June 2017, and the February 2016 through December 2016 bond account bank reconciliations were not prepared until June 2017.

The reconciled fee account bank balance was \$5,573 as of December 31, 2016, and represented the civil and criminal process fees collected and not disbursed to the county from May 2016 to December 2016 (see section 2.3). During our review of the December 31, 2016, bond account bank reconciliation, we identified \$1,298 of deposits in transit that had either already cleared the bank or were accounting errors and 5 outstanding checks totaling \$1,300 that had been returned or voided and reissued. The adjusted reconciled bond account balance as of December 31, 2016, was \$1,253. We identified liabilities totaling \$1,205, leaving an unidentified balance of \$48.

Performing monthly bank reconciliations timely and preparing monthly lists of liabilities helps ensure receipts and disbursements have been properly handled and recorded, and increases the likelihood errors will be identified and corrected timely. Regular identification and comparison of liabilities to the reconciled 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.

2.5 Seized property

Access is not adequately restricted to seized cash. Seized cash is stored in a lock box with other receipts collected in the Sheriff's office, and as a result, the Administrative Assistant has access to the seized cash. The Administrative Assistant should not have access to the seized cash because she does not have official duties or responsibility over seized property.

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 seized property.

Similar conditions previously reported

A similar condition to section 2.1 was noted in our prior 2 audit reports. A similar condition to section 2.2 was noted in our prior 4 audit reports. A similar condition to section 2.4 was noted in our prior 3 audit reports. A similar condition to section 2.5 was noted in our prior audit report. In addition,



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Report No. 2013-118, *Follow-Up Report on Audit Findings - Dade County* (sections 2.1, 2.3, 2.4, and 2.5), issued in November 2013, reported the status as implemented for sections 2.1 and 2.4, and in progress for sections 2.2 and 2.5.

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 Ensure monies received are deposited intact and are recorded and deposited timely.
- 2.3 Ensure receipts are disbursed timely.
- 2.4 Ensure monthly bank reconciliations and lists of liabilities are prepared and reconciled timely. Any differences between accounting records and reconciliations should be promptly investigated and resolved. In addition, if any monies remain unidentified, the monies should be disbursed in accordance with state law.
- 2.5 Restrict access to all seized cash.

Auditee's Response

- 2.1 *I will perform timely reviews of the accounting and bank records and if I am unable to perform the reviews timely, I will delegate the duty to ensure a timely review of these records is performed.*
- 2.2 *I will require my Administrative Assistant to record and deposit monies intact weekly.*
- 2.3 *I will require my Administrative Assistant to prepare checks for me to sign on a weekly basis.*
- 2.4 *I will prepare bank reconciliations and lists of liabilities monthly and investigate any differences immediately. I will distribute any unidentified monies in accordance with state law. If I am unable to perform these duties in a timely manner, I will delegate these duties to ensure the bank accounts are reconciled in a timely manner.*
- 2.5 *I will work with the County Commission to determine a solution to adequately secure the seized cash.*



Dade County
Management Advisory Report - State Auditor's Findings

3. 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 \$6.6 million during the year ended February 28, 2017.

3.1 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, resulting in amounts being under withheld from various political subdivisions. For December 2016, \$12,672 (including \$300 related to city contracts, see section 3.3) was not withheld from various political subdivisions and disbursed to the Assessment Fund.

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. Adequate monitoring and proper calculation of Assessment Fund withholdings is necessary to ensure compliance with statutory provisions.

3.2 Commissions

The County Collector-Treasurer did not properly review or calculate commissions taken on delinquent taxes, current railroad and utility taxes, and surtax. The County Collector-Treasurer incorrectly withheld 2 ½ percent on all delinquent taxes and surtax collected rather than the 3 percent required resulting in amounts being under withheld from various political subdivisions. These amounts are owed to the county's General Revenue Fund. For example, the County Collector-Treasurer under withheld \$6,059, in December 2016 and January 2017 from delinquent taxes, railroad and utility taxes, and surtax.

Section 54.320, RSMo, requires the collector-treasurer to collect a fee of 3 percent on all licenses, current railroad and utility taxes, surtax, back taxes, delinquent taxes and interest collected, to be deducted from the amounts collected.

3.3 Written contracts

The County Collector-Treasurer's contracts with 5 cities to provide property tax billing and collection services have not been periodically updated and are not current. The contracts were prepared in 2009. In addition, the contracts state assessment withholdings are withheld at 1.25 percent instead of 1.5 percent allowed in accordance with state law.

Section 50.332, RSMo, allows county officials, subject to the approval of the county commission, to perform tax collection services for cities they normally



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provide to the county for additional compensation. Section 432.070, RSMo, requires all such contracts be in writing. Clear, detailed, and timely written contracts are necessary to ensure all parties are aware of the services to be performed and the compensation to be paid for the services.

Recommendations

The County Collector-Treasurer:

- 3.1 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.
- 3.2 Recalculate tax commissions withheld from delinquent taxes, railroad and utility taxes, and surtax and correct distributions to the various political subdivisions and the General Revenue Fund. The County Collector-Treasurer should also ensure future commission calculations are accurate.
- 3.3 Work with the County Commission to obtain current written contracts with the cities for property tax collections that contain contract terms that are in accordance with state law.

Auditee's Response

- 3.1 &
- 3.2. *I have worked with the property tax computer programmer to correct future Assessment Fund withholdings and commissions, and I will work with the County Commission to consider withholding amounts and correcting distributions regarding past years.*
- 3.3 *I will work with the County Commission to prepare current written contracts and ensure the contract terms are in accordance with state law.*

4. Property Tax System

Controls and procedures over the property tax system need improvement.

4.1 Review of activity

Neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector-Treasurer. The County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes. In addition, the County Clerk and the County Commission do not perform procedures to verify the accuracy and completeness of the County Collector-Treasurer's annual settlements. As a result, there is an increased risk of loss, theft, and misuse of property tax monies going undetected, and less assurance the annual settlements are complete and accurate.



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Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records that summarizes all taxes charged to the County Collector-Treasurer, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector-Treasurer are complete and accurate and could also be used by the County Clerk and the County Commission to verify the County Collector-Treasurer's annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

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

4.2 Additions and abatements The County Commission does not review and approve court orders for property tax additions and abatements. During the year ended February 28, 2017, additions totaled approximately \$75,000 and abatements totaled approximately \$14,000.

The County Assessor and County Clerk process additions and abatements and print a court order; however, the court orders were not presented to the County Commission for review and approval.

Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. If it is not feasible for the County Clerk to make corrections to the tax books, periodic reviews and timely approvals of additions and abatements, along with an independent reconciliation of approved additions and abatements to corrections made to the property tax system, would help ensure changes are proper.

4.3 Aggregate abstracts The County Clerk does not have procedures in place to ensure aggregate abstracts prepared are accurate. The County Clerk did not accurately prepare the 2016 and prior years back tax aggregate abstract. The back tax aggregate abstract filed in May 2017, did not report the 2015 and prior real estate and surtax back taxes totaling \$66,463, which were included on the delinquent property tax book generated by the County Collector-Treasurer's office. The County Clerk amended this back tax aggregate abstract in September 2017, after we brought the error to her attention.

Section 137.295, RSMo, requires the County Clerk to prepare these reports and forward them to the Department of Revenue and State Tax Commission upon completion of delinquent tax books. These reports should be reconciled to the delinquent tax books to ensure accuracy.



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Recommendations

- 4.1 The County Clerk maintain an account book with the County Collector-Treasurer. In addition, the County Clerk and the County Commission should use the account book to review the accuracy and completeness of the County Collector-Treasurer's annual settlements.
- 4.2 The County Commission ensure property tax additions and abatements are properly reviewed and approved.
- 4.3 The County Clerk establish procedures to ensure back tax aggregate abstracts are prepared accurately.

Auditee's Response

The County Clerk provided the following responses:

- 4.1 *I began maintaining an account book in March 2018 for the 2018 tax year. I will use the account book to review and reconcile the annual settlement.*
- 4.3 *I will ensure the aggregate abstracts agree to the tax books and the annual settlement.*

The County Commission provided the following responses:

- 4.1 *We will use the account book prepared by the County Clerk to review and reconcile the annual settlement, and we will document our review of the annual settlement.*
- 4.2 *We will begin performing a documented review of the additions and abatements on a monthly basis.*

5. Electronic Data Security

5.1 Passwords

Controls over county computers are not sufficient. As a result, county records are not adequately protected and are susceptible to unauthorized access or loss of data.

The County Collector-Treasurer and Recorder of Deeds have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees in these offices share passwords and passwords are not kept confidential. Also, the County Collector-Treasurer does not change his password periodically.

Passwords are required to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, since passwords are shared and not confidential in these offices, and passwords are not periodically changed by the County Collector-Treasurer, 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



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periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

5.2 Security controls

Security controls are not in place to lock computers in the offices of the Recorder of Deeds and County Assessor after a specified number of incorrect logon attempts.

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. Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

5.3 Data backups

The Recorder of Deeds and the Public Administrator do not store data backup files at an offsite location. In addition, backups are not tested periodically in the offices of the Recorder of Deeds, Public Administrator, and Prosecuting Attorney.

To help prevent loss of information and ensure essential information and computer systems can be recovered, computer data should be stored offsite and tested on a periodic basis.

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.
- 5.3 Ensure backed-up computer data is stored in a secure offsite location and tested on a regular basis.

Auditee's Response

- 5.1 *We will work with the County Collector-Treasurer and Recorder of Deeds to establish unique confidential passwords, ensure passwords are not shared, and that passwords are periodically changed.*
- 5.2 *We will work with the Recorder of Deeds and County Assessor to ensure they implement security controls for their computers to lock after a number of incorrect logon attempts.*
- 5.3 *We will work with the Recorder of Deeds and Public Administrator to have their backups stored in a secure offsite location. We will work*



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with the Recorder of Deeds, Public Administrator, and Prosecuting Attorney to ensure they test their backups on a regular basis.

Dade County

Organization and Statistical Information

Dade County was a township-organized, third-class county for the year ended December 31, 2016. As of April 4, 2017, Dade County voters approved the abolishment of the township form of government. The county seat is Greenfield.

Dade 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 25 full-time employees and 9 part-time employees on December 31, 2016. The townships maintained county roads until the abolishment of the townships. Responsibility for road maintenance is now with the county. As a result of the abolishment of the townships, township officials were required by law to turn over records and title to all property to the county. In addition, all outstanding township debt became liabilities of the 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 Daniel, Presiding Commissioner	\$	27,080
David Rusch, Associate Commissioner		25,080
Dallas Maxwell, Associate Commissioner		25,080
Carolyn Kile, Recorder of Deeds		38,000
Melinda Wright, County Clerk		38,000
Gary Troxell, Prosecuting Attorney		45,000
Max Huffman, Sheriff		42,000
Gary Banta, County Coroner		11,000
Chrissy Welch, Public Administrator		20,000
Rod O'Connor, County Collector-Treasurer (1), year ended March 31,	42,595	
Annette Black, County Assessor, year ended August 31,		38,000

(1) Includes \$4,595 of commissions earned for collecting city property taxes.

Dade County
Supporting Documentation for Missing Inmate Receipts

Type of Receipt Slip	Date Received	Receipt Slip Number	Amount Received and Not Deposited
Manual	2/16/2016	1049	\$ 10.00
Manual	7/21/2016	1105	10.00
Manual	8/31/2016	1125*	5.00
Manual	8/31/2016	1126	20.00
Computerized	1/7/2016	94	10.00
Computerized	1/31/2016	100	10.00
Computerized	2/2/2016	101	20.00
Computerized	2/5/2016	102	10.00
Computerized	2/9/2016	104	20.00
Computerized	2/15/2016	105	10.00
Computerized	3/1/2016	108	10.00
Computerized	3/21/2016	125	10.00
Computerized	3/28/2016	132	10.00
Computerized	4/22/2016	138	1.56
Computerized	5/6/2016	144	0.80
Computerized	5/6/2016	146	2.72
Computerized	5/24/2016	157	10.00
Computerized	5/28/2016	161	1.75
Computerized	6/8/2016	167	20.00
Computerized	6/15/2016	169	20.00
Computerized	6/17/2016	170	20.00
Computerized	7/14/2016	184	15.00
Computerized	9/23/2016	2254**	10.00
Computerized	9/23/2016	2255	20.00
Computerized	10/18/2016	2275	2.50
Computerized	11/11/2016	2289	31.00
Computerized	3/17/2017	2380	10.14
Computerized	4/4/2017	2398	7.00
Computerized	4/10/2017	2407	441.00
Computerized	5/10/2017	2446	10.00
Computerized	6/28/2017	2496	2.52
Computerized	7/16/2017	2509	15.00
			<u>\$ 795.99</u>

* Receipt slip number 1125 was issued for \$55, but only \$50 was recorded in the computerized accounting system and deposited.

** A new receipt slip sequence was started on August 20, 2016, with receipt slip number 2228. The Sheriff indicated new sequences were started to ensure the same sequence of numbers were not used in different modules of the computerized accounting system used to track inmate monies.