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Missouri State Auditor

Ozark County

Report No. 2019-101

October 2019

auditor.mo.gov



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Ozark County

Sheriff's Controls and Procedures	The Sheriff has not adequately segregated accounting duties and does not ensure adequate supervisory review of detailed accounting and bank records are performed. The Sheriff has not established adequate controls and procedures over seized property. The Sheriff does not deposit inmates' monies, but rather keeps the cash in separate envelopes for each inmate. The Sheriff's office has not developed inventory procedures to account for phone cards and e-cigarettes sold to inmates. The Sheriff's office does not charge or collect sales taxes on phone cards or e-cigarettes sold to inmates, and no sales taxes are remitted to the Missouri Department of Revenue. Pursuant to 12 CSR 10-110.955(3)(B), sales by the state of Missouri and its political subdivisions are subject to tax.
Ex Officio Recorder of Deeds' Controls and Procedures	The Ex Officio Recorder of Deeds does not prepare timely bank reconciliations and does not maintain an adequate list of liabilities. The Ex Officio Recorder of Deeds has not established proper controls and procedures for receipting and depositing monies, and does not maintain the change fund at a constant amount.
Payroll Controls and Procedures	The County Clerk's office does not ensure timesheet calculations, vacation and sick leave balances, and compensatory time balances are accurate, and does not ensure all timesheets are reviewed and signed by the employee's supervisor. County officials did not always follow established written personnel policies regarding vacation leave and compensatory time, and have not established personnel policies addressing the use of unearned leave and compensatory time used in excess of available balances. Employees are paid in advance of time worked, which may lead to errors and the potential for employees to be over/under paid.
Property Tax Reductions	The county did not properly report property tax levy reductions to the State Auditor's Office in 2016, and the County Clerk used an incorrect tax rate ceiling in his sales tax reduction calculations for 2017.
Electronic Data Security	The County Assessor, County Collector, County Clerk, Prosecuting Attorney, and Sheriff have not established adequate password controls to reduce the risk of unauthorized access to computers and data. The County Assessor, County Collector, County Clerk, Prosecuting Attorney, and Sheriff do not have security controls in place to lock computers after a specified number of incorrect logon attempts and/or after a certain period of inactivity.
County Assessor's Receipting and Transmitting Procedures	The County Assessor has not established proper procedures for receipting and transmitting monies.
County Clerk's Transmitting Procedures	The County Clerk does not always transmit monies timely to the County Treasurer as required by state law.

Additional Comments

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

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

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

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

Ozark County

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NICOLE GALLOWAY, CPA

Missouri State Auditor

County Commission
and
Officeholders of Ozark County

We have audited certain operations of Ozark County in fulfillment of our duties under Section 29.230, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2018. The objectives of our audit were to:

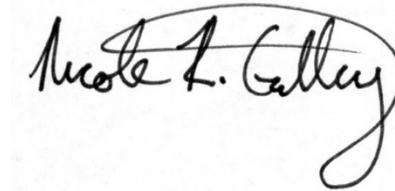
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 Ozark County.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Kelly Davis, M.Acct., CPA, CFE
Audit Manager:	Robyn Vogt, M.Acct., CPA
In-Charge Auditor:	Mackenzie J. Wooster
Audit Staff:	Amanda G. Flanigan, MAcc Ethan D. Evans Shelby Reams

Ozark 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 office collected approximately \$78,600 for civil paper service, bonds, concealed carry weapon permits, commissary sales, jail phone commissions, and other miscellaneous receipts during the year ended December 31, 2018.

1.1 Segregation of duties and supervisory review

The Sheriff has not adequately segregated accounting duties and does not ensure adequate supervisory review of detailed accounting and bank records are performed. The Office Administrator is responsible for receipting most payments, recording receipts, depositing monies, making disbursements, and reconciling the bank accounts. The Sheriff indicated he or the Chief Deputy sign all checks and review the bank statements when they can; however, their reviews are not documented. No other supervisory review of the accounting and bank records are performed.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, and depositing payments; making disbursements; and reconciling bank accounts. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting and bank records are essential and should include comparing daily receipt activity to deposits and disbursements to supporting documentation.

A similar condition was noted in our prior audit report.

1.2 Seized property

The Sheriff has not established adequate controls and procedures over seized property. We identified the following concerns:

- The seized property evidence log is not complete and accurate. We tested 20 seized property items and identified errors for 8 items (40 percent). One test item was not labeled with an identification tag. Three test items were not found in the location stated on the evidence log. Three test items selected from seized property could not be found on the evidence log, and one test item on the evidence log could not be located.
- The Sheriff has not performed a physical inventory of seized property. According to the Evidence Officer, it is unknown when the last physical inventory occurred.
- Access is not adequately restricted for some seized property. Seized property is stored both in a locked room and a fenced evidence cage in the Sheriff's office. Access to the locked room is restricted to only the Evidence Officer; however, all deputies have access to the fenced evidence cage.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or



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misuse of the property. Complete and accurate inventory records including information such as description, current location, case number, date of seizure, and disposition of such property should be maintained, and periodic physical inventories performed with the results compared to inventory records to ensure seized property is accounted for properly.

1.3 Inmate monies

The Sheriff does not deposit inmate monies, but rather keeps the cash in separate envelopes for each inmate. A cash count performed on March 13, 2019, identified \$498 in cash on hand belonging to 7 inmates. The money an inmate has at the time he/she arrives at the jail is recorded in the Sheriff's jail management system and placed in individual envelopes. Any additional money received on behalf of an inmate is recorded in the system and placed in the inmate's envelope. Inmates can only use their money for phone card or e-cigarette purchases. A receipt slip is issued when purchases occur. Any cash remaining in the envelope is returned to the inmate upon release.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the Sheriff should deposit inmate monies in an official bank account and reconcile inmate account records to the reconciled bank account balance monthly.

1.4 Commissary inventory

The Sheriff's office has not developed inventory procedures to account for phone cards and e-cigarettes sold to inmates. A record is maintained to track inmate purchases, but no records are maintained of inventory purchased from vendors and inventory items remaining on hand. Sales to inmates totaled approximately \$13,700 for phone cards and \$11,800 for e-cigarettes during the year ended December 31, 2018.

Loss, theft, or misuse of the commissary inventory and related monies may go undetected without adequate inventory records and procedures. Detailed inventory records are necessary to adequately account for commissary inventory. Comparison of a periodic physical inventory to inventory records is necessary to ensure commissary items and related monies are properly recorded and handled.

1.5 Sales tax

The Sheriff's office does not charge or collect sales taxes on phone cards or e-cigarettes sold to inmates, and no sales taxes are remitted to the Missouri Department of Revenue (DOR). Pursuant to 12 CSR 10-110.955(3)(B), sales by the state of Missouri and its political subdivisions are subject to tax.

To ensure sales taxes are properly handled, the Sheriff should contact the DOR for guidance on establishing procedures for charging and collecting sales taxes on phone card and e-cigarette sales, and ensure all future sales tax collections are remitted to the DOR.



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Recommendations

The Sheriff:

- 1.1 Segregate accounting duties or ensure adequate independent or supervisory reviews of detailed accounting and bank records are performed and documented.
- 1.2 Maintain a complete and accurate seized property evidence log, restrict access to seized property, and ensure a periodic inventory is conducted and reconciled to the seized property evidence log. Any differences should be investigated and resolved.
- 1.3 Deposit inmate monies in an official bank account. Inmate account records should be reconciled monthly to the reconciled bank account balance.
- 1.4 Maintain accurate commissary transaction records and reconcile these records to inventory purchased and sold.
- 1.5 Contact the DOR for guidance on establishing procedures for charging and collecting sales taxes on phone card and e-cigarette sales, and ensure all future sales tax collections are remitted to the DOR.

Auditee's Response

- 1.1 *Due to minimal office staff, we cannot segregate duties; however, we will ensure supervisory reviews of detailed accounting and bank records are performed and documented at least on a monthly basis.*
- 1.2 *We are actively working to improve our seized property evidence log and procedures, including training, restricting access, and disposing of evidence related to closed cases. Once the seized property evidence records are updated, we will consider conducting an annual inventory, including investigating and resolving any differences.*
- 1.3 *All inmate monies are now deposited into the Inmate Trust Fund bank account upon receipt and refunded by check upon the inmate's release. A list of inmate monies are reconciled to the bank account balance on a monthly basis.*
- 1.4 &
1.5 *We are no longer handling any phone card or e-cigarette inventory. These items are now handled by the commissary vendor.*



2. Ex Officio Recorder of Deeds' Controls and Procedures

Controls and procedures in the Ex Officio Recorder of Deeds' office need improvement. The office collected approximately \$84,300 for recording documents such as marriage licenses, deeds, and other miscellaneous receipts during the year ended December 31, 2018.

2.1 Bank reconciliations and liabilities

The Ex Officio Recorder of Deeds does not prepare timely bank reconciliations and does not maintain an adequate list of liabilities. The Ex Officio Recorder of Deeds did not complete the monthly bank reconciliations for November 2018 through January 2019 until February 2019. As a result, she did not identify and correct minor errors related to December and January deposits until late February.

In addition, at our request, the Ex Officio Recorder of Deeds updated her list of liabilities that was last updated in March 2018. As of March 2019, the reconciled bank balance was \$1,204, while the list of liabilities totaled \$1,348, resulting in a shortage of \$144.

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 bank balance is necessary to ensure records are in balance and monies are available to satisfy all liabilities. Differences should be adequately investigated and resolved.

2.2 Receipting and depositing

The Ex Officio Recorder of Deeds has not established proper controls and procedures for receipting and depositing monies, and does not maintain the change fund at a constant amount. A cash count performed on February 20, 2019, identified the following concerns:

- Office personnel do not issue receipt slips as copy and fax money is received. Instead, this money is added to the change drawer and one receipt slip is issued periodically for it.
- The Ex Officio Recorder of Deeds does not deposit receipts intact and does not maintain the change fund at a constant amount. The Ex Officio Recorder of Deeds established a change fund of \$150; however, she does not count the change fund daily to ensure it reconciles to the established amount. During the cash count, the change fund totaled \$169. The Ex Officio Recorder of Deeds stated she believed the \$19 difference related to copy money collected, but not recorded in the computer system when received. This money would not have been included in a deposit, because deposits are prepared from the system-generated daily collection reports.



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In addition, we noted documentation where the change fund had been used for a \$9 postage purchase.

Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected. To reduce this risk, procedures should be established to ensure all monies received are properly receipted and deposited intact. In addition, if a change fund is needed, it should be set at a constant amount and a procedure established to reconcile to this amount every time a deposit is made.

Recommendations

The Ex Officio Recorder of Deeds:

- 2.1 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.
- 2.2 Issue receipt slips for money received immediately upon receipt and make deposits intact. In addition, maintain the change fund at a constant amount.

Auditee's Response

- 2.1 *I am now working to prepare bank reconciliations and a list of liabilities monthly, and any differences will be promptly investigated and resolved.*
- 2.2 *I will ensure all monies are receipted or logged immediately upon receipt, and all monies will be deposited intact daily. In addition, the change fund is now maintained at a constant amount.*

3. Payroll Controls and Procedures

Controls and procedures over payroll need improvement.

All employees are responsible for completing and submitting a manual timesheet to the County Clerk's office on a monthly basis. The County Clerk's office uses the timesheets for hourly employees to enter hours worked, vacation and sick leave, and compensatory time into the computerized payroll system. Only hours worked are entered for salaried employees. The County Clerk's office also maintains a manual spreadsheet to track vacation and sick leave and compensatory time for all county employees.

The employees in the Sheriff's office also complete a daily record for each month. The daily record includes the starting time and ending time for each work day, the total hours worked, any compensatory time earned during the month, and the balance of compensatory time at the end of the month. The Sheriff's Office Administrator also maintains a manual spreadsheet to track vacation, holiday, and sick leave balances.



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3.1 Time and leave records

The County Clerk's office does not ensure timesheet calculations, vacation and sick leave balances, and compensatory time balances are accurate, and does not ensure all timesheets are reviewed and signed by the employee's supervisor. During our review of payroll records for 3 consecutive pay periods for 5 county employees (15 total timesheets) and while scanning the leave and compensatory time records for all county employees, we identified the following concerns:

- Total hours worked for one employee were overstated by 6 hours, resulting in the employee being overpaid. For one week, the employee's reported hours worked totaled only 34 hours for the week; however, the County Clerk's office calculated 40 hours worked for the week in error.
- One employee's timesheet included 4.5 hours of overtime in the calculation of total hours worked and in the calculation of compensatory time earned. As a result, this employee was overpaid for 4.5 hours.
- One employee's leave usage for 2 months was not properly recorded in the leave records, resulting in his leave balances being overstated. His August 2018 timesheet indicated 20 hours of sick leave had been used. However, these sick leave hours were not recorded in the payroll system or the County Clerk's spreadsheet and were instead paid as regular hours worked. We noted similar issues with the October 2018 timesheet for this employee. Twenty hours of vacation leave were recorded on his timesheet as being used during the month. However, these leave hours were not recorded in the payroll system or the County Clerk's spreadsheet, and were instead paid as regular hours worked.
- Leave and compensatory time records maintained by the County Clerk are not reconciled to records maintained by the Sheriff's office. For example, on the October 2018 daily record completed for the Sheriff's office, one employee recorded using 8 hours of vacation leave and 8 hours of compensatory time during the month. However, the leave and compensatory time were not reported on the timesheet submitted to the County Clerk's office. As a result, the leave and compensatory time did not agree between the records of the Sheriff's office and the County Clerk's office. In addition, for this employee the October 2018 balance of vacation leave, sick leave, and compensatory time totaled 108 hours, 128 hours, and 91 hours, respectively, according to the Sheriff's office records. However, the balances totaled 80 hours, 158 hours, and negative 73.75 hours, respectively, according to the County Clerk's office records.
- Three timesheets were not reviewed and signed by the employee's supervisor.

Accurate time and leave records are necessary to ensure employees receive proper compensation and leave benefits, provide support for payroll



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transactions, and ensure all employees are treated equitably. In addition, reconciliations of leave and compensatory time records between the Sheriff's office and the County Clerk's office help verify that records are accurate and consistent with timesheets. Also, to ensure the accuracy of time worked and leave taken, timesheets should be reviewed and signed by the employee's supervisor.

3.2 Personnel policies

County officials did not always follow established written personnel policies regarding vacation leave and compensatory time, and have not established personnel policies addressing the use of unearned leave and compensatory time used in excess of available balances.

Vacation leave

Vacation leave was not accrued in accordance with county policy for 2 employees during 2018. According to the county's policy, vacation leave will accrue for full-time employees at the rate of 4 hours per month for the first 3 years of employment and then at a rate of 8 hours per month thereafter. We noted one employee's vacation leave accrual did not increase from 4 to 8 hours per month when the employee reached 3 years of employment in February 2018. For another employee, the vacation leave accrual did not increase from 4 to 8 hours per month until 4 months after the employee reached 3 years of employment.

In addition, the county's policy states an employee begins earning vacation leave at the start of employment, but is not eligible to use any vacation leave until after 6 months of employment. However, we noted 3 employees used vacation leave before completing their first 6 months of employment.

Excess compensatory time

Compensatory time balances are not handled in accordance with county policy or Fair Labor Standards Act (FLSA) requirements. We noted the compensatory time balance for one employee exceeded the 240 hour maximum allowed by county policy from May through October 2018. The compensatory balance was 282 hours for August through October. We noted another employee reached the 240 hour limit, but his compensatory time balance was capped at 240 hours as indicated in the policy. However, this employee continued to earn additional compensatory time after reaching the maximum, but the additional hours were not added to his compensatory time balance and he was not paid for the additional hours as required by the FLSA.

Sheriff's compensatory time calculation

The Sheriff's office does not calculate compensatory time in accordance with the county's policy and FLSA requirements. The Sheriff's office accrues compensatory time as straight time when employees work more than 40 hours in a week; however, the county's policy requires compensatory time to be awarded at a rate of time and one-half for hours exceeding 171 hours in a 28-day period. We noted one deputy earned 6 hours of compensatory time in July 2018 because he worked 46 hours in a week. However, if the county's policy



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and FLSA requirements were followed, compensatory time would not have been earned.

Negative balances

The county's policy does not address the use of unearned leave, and some county employees used vacation or sick leave or compensatory time in excess of their available balances, resulting in negative leave balances. According to the spreadsheet maintained by the County Clerk's office, 3 employees had negative vacation or sick leave balances and 2 employees had negative compensatory time balances during 2018. One of these employees had a negative leave balance for 11 months.

Conclusion

Written personnel policies and strict compliance with those policies is necessary to ensure equitable treatment of employees, prevent misunderstandings, and ensure employees are properly compensated in accordance with FLSA requirements. In addition, employees should be paid for any additional hours of compensatory time worked when balances exceed the 240 hour maximum. Also, the county's policy should be updated to not allow employees to carry negative leave balances.

3.3 Advanced payments

Employees are paid in advance of time worked, which may lead to errors and the potential for employees to be over/under paid. The County Clerk's office distributes payroll for all employees on the last working day of each month for the period ending the last day of the month. Timesheets are prepared and submitted approximately one week in advance of the payroll distributions with estimates of hours to be worked for the last week of the month. The monthly timesheet includes instructions for employees to record their actual hours worked for the last week of the month on the subsequent month's timesheet.

The County Clerk's office does not always adjust the payroll records when differences occur between the actual hours worked and the previously recorded estimated hours worked. In addition, not all county employees are reporting actual hours worked for the last week of the previous month when those hours were estimated; therefore, actual hours worked cannot be compared to estimated hours for these employees.

To ensure payroll disbursements are appropriate and to reduce the risk of errors and the potential for employees to be over/under paid, the County Commission should require adequate documentation to support all payroll transactions. In addition, Article VI, Sections 23 and 25 of the Missouri Constitution, prohibits the granting of public monies or property to any private person, association, or corporation.

Similar conditions
previously reported

Similar conditions to sections 3.1 and 3.2 were noted in our prior 3 audit reports. In addition, a similar condition to section 3.3 was noted in our prior audit report.



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Recommendations

- 3.1 The County Clerk ensure timesheets are accurately prepared, properly signed and approved, and employee leave and compensatory time balances are properly recorded and calculated. In addition, for Sheriff's office employees, the Sheriff should ensure the activity reported on the timesheets submitted to the County Clerk's office agrees to the daily record and leave and compensatory time balances are reconciled to balances maintained by the County Clerk's office.
- 3.2 The County Commission and County Clerk ensure compliance with personnel policies and FLSA requirements, review and update the personnel policies, as necessary, ensure employees are paid for any additional hours of compensatory time worked when balances exceed the 240 hour maximum, and discontinue allowing employees to carry negative leave balances.
- 3.3 The County Commission should discontinue compensating employees in advance of receiving services, or establish adequate procedures to compare actual time worked to time previously reported for all employees and ensure adjustments to the payroll records are made when necessary.

Auditee's Response

The County Clerk provided the following responses:

3.1 &

3.2 *We ensure timesheet calculations are correct and accurate to the best of our knowledge. We do, however, agree that errors can be made and pride ourselves with fixing those errors in a timely manner, or as soon as they come to our attention.*

In addition, leave and compensatory time kept between the County Clerk's office and the Sheriff's office is already in the process of being fixed. We recognized when the ability to start working with the Sheriff's office was presented, that we actively pursue that ability. The new Sheriff's Office Administrator and the County Clerk's office are actively working together to find the most efficient and best way to fix this issue. We will adopt recommendations 3.1 and 3.2.

3.3 *This issue is an ongoing issue within the payroll process. After the advisement of the previous state audit, we adopted and changed the design of our timesheets to capture the previous months' advance payment period, and these timesheets are signed by both the employee and the supervisor. This gives us the ability to see the difference, if any, from the previous advance payment period and make corrections as they should be made. We agree that the changes made after the previous audit were the best changes that could be made for all parties involved.*



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The Sheriff provided the following response:

3.1 *We are working with the County Clerk's office to improve timesheet, leave, and compensatory time records. We will ensure centralized leave records are maintained or leave and compensatory time balances are reconciled.*

The County Commission provided the following responses:

3.2 &

3.3 *We will take into advisement all of the findings in the 2019 audit and will work diligently to address and fix these findings.*

4. Property Tax Reductions

The county did not properly report property tax levy reductions to the State Auditor's Office (SAO) in 2016, and the County Clerk used an incorrect tax rate ceiling in his sales tax reduction calculations for 2017.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Ozark County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet the 50 percent reduction requirement and provides for an adjustment for actual sales tax collections of the preceding year that are more or less than the estimate for the preceding year.

The county is required to certify to the SAO the annual property tax levy including the amount the levy is reduced for sales tax collections, as well as any voluntary reductions. In 2016, the county incorrectly reported the sales tax reduction as a voluntary reduction instead of as a sales tax reduction. The SAO followed Section 137.073.5(4), RSMo, which provides a voluntary reduction taken in a non-assessment year (even year) results in a reduced tax rate ceiling during the subsequent reassessment year (odd year), causing a significantly lowered tax rate ceiling for the county in 2017.

When preparing the sales tax reduction calculations, the County Clerk incorrectly used the tax rate ceiling prior to the ceiling being decreased due to the voluntary reduction. Because the County Clerk used the incorrect tax rate ceiling, he estimated the county was reducing the property tax levy for a sales tax reduction as required. However, the tax rate certification letter issued by the SAO indicated no sales tax reduction was taken for 2017. Had the County Clerk used the correct tax rate ceiling, the estimated 2017 sales tax reduction would have differed. This would also have resulted in changes to his 2018 calculations.

The County Clerk noted the tax rate ceiling had been reduced when calculating the tax rate to be levied for 2017, and contacted the SAO for an



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explanation. The SAO provided information regarding the impact of taking a voluntary reduction in a non-assessment year and provided instructions on how the county could reinstate the tax rate ceiling in the next non-assessment year (2018). However, no steps were taken by the County Clerk in 2018 to reinstate the tax rate ceiling. Section 137.073.5(4), RSMo, allows the county to reinstate its tax rate ceiling.

In addition, Section 137.073.6(3), RSMo, allows the county to submit amended tax rate forms to the SAO if clerical errors occurred. In August 2019, the County Clerk contacted the SAO to begin the process to correct the county's tax rate ceiling.

To ensure property tax levies are properly set and property tax rate ceilings are maintained, the County Commission and County Clerk should ensure property tax levy reductions are accurately calculated, reported and certified.

Recommendation

The County Commission and County Clerk properly calculate and report property tax rate reductions (sales tax or voluntary). During the tax rate setting process, the County Commission and County Clerk should ensure tax rate information reported back to the county in the State Auditor's Office certification letter is consistent with expectations and, if not, promptly follow up on any discrepancies.

Auditee's Response

The County Clerk provided the following response:

We will ensure that tax rate information reported back to the county is consistent with expectations.

The County Commission provided the following response:

We will take into advisement all of the findings in the 2019 audit and will work diligently to address and fix these findings.

5. Electronic Data Security

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

5.1 Passwords

The County Assessor, County Collector, County Clerk, Prosecuting Attorney, and Sheriff have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees in these offices are not required to change passwords periodically and/or use passwords with a minimum number of characters.

Passwords are required to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, since passwords in certain offices are not required to be periodically changed



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or contain a minimum number of characters, 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 confidential, changed periodically, and contain a minimum number of characters to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

5.2 Security controls

The County Assessor, County Collector, County Clerk, Prosecuting Attorney, and Sheriff do not have security controls in place to lock computers after a specified number of incorrect logon attempts and/or after a certain period of inactivity. Also, the Sheriff has not disabled the user account of an employee who has not worked in the office since November 2018.

Logon attempt controls lock the capability to access a computer after a specified number of consecutive unsuccessful logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a computer by guessing passwords. Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs and data files. Without effective security controls and effective procedures to remove user access, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

Similar conditions previously reported

Similar conditions were noted in our prior audit report.

Recommendations

The County Commission work with other county officials to:

- 5.1 Require each employee to have a confidential password with a minimum number of characters that is periodically changed.
- 5.2 Require each county computer to have security controls in place to lock it after a specified number of incorrect logon attempts or after a certain period of inactivity. In addition, ensure user accounts of former employees are promptly disabled.

Auditee's Response

The County Commission provided the following response:

We will take into advisement all of the findings in the 2019 audit and will work diligently to address and fix these findings.

The County Clerk provided the following response:

After taking the advisement of the previous state audit, the County Clerk's office required all computers and respective programs within those computers to be password protected. In addition, these computers will lock



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after 10 minutes and require a password to unlock after that time period. We will now take into advisement, and adopt, requiring passwords to be changed every 90 days and have a minimum number of characters, symbols, and capital letters. However, not all programs used by the county have the ability to require some of these changes.

6. County Assessor's Receipting and Transmitting Procedures

The County Assessor has not established proper procedures for receipting and transmitting monies. The office collected approximately \$8,700 for copies of maps during the year ended December 31, 2018.

- Monies received are not always transmitted timely to the County Treasurer as required by state law. For example, receipts collected from April 12, 2018, through August 13, 2018, totaling \$4,596, were not transmitted until August 13, 2018.
- Checks are not restrictively endorsed immediately upon receipt. The endorsement is applied when preparing the transmittal to the County Treasurer.

Failure to implement adequate receipting and transmitting procedures increases the risk that loss, theft, or misuse of monies received will go undetected. In addition, Section 50.370, RSMo, requires all county officials who receive fees or any other remuneration for official services to pay such monies monthly to the County Treasurer.

Recommendation

The County Assessor ensure all monies are transmitted timely and restrictively endorse checks immediately upon receipt.

Auditee's Response

There will be a transmittal made by the 30th of each month going forward. We have an endorsement stamp for checks received, and will endorse checks upon receipt.

7. County Clerk's Transmitting Procedures

Monies received are not always transmitted timely to the County Treasurer as required by state law. For example, receipts collected from June 14, 2018, through August 27, 2018, totaling \$6,912, were not transmitted until August 30, 2018. The County Clerk's office collected approximately \$12,600 for maps, all-terrain vehicle permits, liquor licenses, and notary fees during the year ended December 31, 2018.

Failure to implement adequate procedures to transmit monies timely increases the risk that loss, theft, or misuse of monies received will go undetected. In addition, Section 50.370, RSMo, requires all county officials who receive fees or any other remuneration for official services to pay such monies monthly to the County Treasurer.

Recommendation

The County Clerk ensure all monies are transmitted timely.



Ozark County
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Auditee's Response

We will be more timely in transmitting money to the County Treasurer, especially during our "high traffic" time of June-July when the vast majority of our revenue is received.

Ozark County

Organization and Statistical Information

Ozark County is a county-organized, third-class county. The county seat is Gainesville.

Ozark 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 51 full-time employees and 12 part-time employees on December 31, 2018.

In addition, county operations include a Recycling Center.

Elected Officials

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

Officeholder	2019	2018
Johnnie M. Turner, Presiding Commissioner	\$	27,080
Greg Donley, Associate Commissioner		25,080
Gary Collins, Associate Commissioner		25,080
Becki Strong, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Brian Wise, County Clerk		38,000
John Garrabrant, Prosecuting Attorney		138,719
Darrin Reed, Sheriff		42,000
Phyllis Gaulding Turner, County Treasurer		38,000
Shane Ledbetter, County Coroner		11,000
Melinda Abraham, Public Administrator		38,000
Billy D. Hambelton II, County Collector, year ended February 28,	38,000	
Jama M. Berry, County Assessor, year ended August 31,		38,000
Matt Wade, County Surveyor (2)		

- (1) Compensation is paid by the state.
- (2) Compensation on a fee basis.