



**Nicole Galloway, CPA**

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**Missouri State Auditor**

**Jackson County**

**Departmental and Other County  
Policies and Procedures**

Report No. 2021-001

January 2021

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**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Jackson County Departmental and Other County Policies and Procedures

Assessment Department	The county's total assessed valuation increased by 19.75 percent as a result of the 2019 biennial reassessment, an increase that was over 70 percent more than any other county in the state and significantly higher than the typical biennial reassessment increase. Several lawsuits were filed against the county over the increases, and many property owners appealed the increased valuation. While several of the appeals from 2019 are still pending, various appeals resulted in the assessed valuation of approximately 13,000 parcels being decreased approximately \$246 million. In addition, the county did not always timely enter into written contracts for assessment and reappraisal-related services, and did not require invoices submitted to the county to provide sufficient details of the services provided and expenses billed to the county. The Director of Assessment did not file, or timely file annual reports showing every residential and commercial real estate parcel with certain increases from the previous year as required by county code. The Assessment department also has not developed a method (map) to track all parcels located within Tax Increment Financing (TIF) boundaries in the county, and does not keep a complete and accurate listing of all TIF districts within the county.
Accounting Controls over Receipts and Bank Accounts	Significant improvements are needed in the handling of receipts of the Collections department at both the Kansas City and Independence courthouse locations. The Parks and Recreation department lacks adequate controls and procedures to account for gate fees at Adair Park. The Chief Administrative Officer has not prepared timely monthly and annual bank account reports and reconciliations in compliance with county code.
County Property Leases	Improvements are needed in the handling of county property leases. The Old City Hall was leased for 50 years at \$1 a year with the provision the tenant would restore and maintain the property. A site visit showed the property to be vacant and in poor condition. The county did not conduct a cost-benefit analysis to determine if it was reasonable to continue to own the regional animal shelter and fund animal shelter operations when the majority of the animals sheltered are for the City of Independence.
Former Sheriff's Equipment	The Sheriff's office does not have documentation indicating the former Sheriff returned all county issued equipment including a handgun, handheld radio, ballistic vest, and voice recorder, following his resignation.
Electronic Data Security	The Information Technology department did not maintain or monitor network access logs and did not timely revoke network access of terminated employees.
Electronic Communication Policies	The county has not developed records management and retention policies in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms.

Sunshine Law	The County Counselor has not established procedures to ensure all Sunshine Law requests are submitted to his office for review and assistance with compliance. The County Counselor does not maintain a log to ensure all requests are accounted for properly and a log is also not maintained by various officials or departments. Fees charged for Sunshine Law requests are not always compliant with the Sunshine Law.
County Boards and Commissions	The list of county boards and commissions and their members maintained by the Clerk of the County Legislature and the list included on the county's website are not always accurate and complete. The County Executive did not ensure vacancies and expired terms on boards and commissions were filled timely.

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.

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# Jackson County

## Departmental and Other County Policies and Procedures

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**NICOLE GALLOWAY, CPA**  
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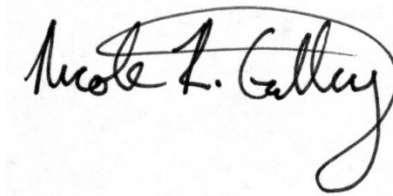
Honorable Chairman of the Jackson County Legislature  
and  
Members of the Jackson County Legislature  
and  
Frank White, Jr., Jackson County Executive  
Jackson County, Missouri

We have audited certain operations of Jackson County - Departmental and Other County Policies and Procedures in fulfillment of our duties under Section 29.200.3, RSMo. The State Auditor initiated audits of Jackson County in response to a formal request from the Jackson County Legislature. The county engaged BKD LLP, Certified Public Accountants (CPAs), to audit the county's financial statements for the years ended December 31, 2018, and 2017. To minimize duplication of effort, we reviewed the CPA firm's reports. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2018. The objectives of our audit were to:

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

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.

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 Jackson County - Departmental and Other County Policies and Procedures.

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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# Jackson County

## Departmental and Other County Policies and Procedures

### Introduction

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#### **Background**

The State Auditor was requested on February 26, 2018, by the Jackson County Legislature under Section 29.200.3, RSMo, to conduct a performance audit of Jackson County. On January 3, 2018, the County Executive made a recommendation to the County Legislature to request a comprehensive audit of the county's fiscal and procurement process by the State Auditor's Office (SAO). The County Legislature agreed with this recommendation and passed Resolution 19745 on February 26, 2018, requesting the State Auditor perform an audit of the county. This request was accepted by the SAO and audit fieldwork started in December 2018.

This is the last audit report that will be issued as part of the audit of Jackson County. Four other reports have been previously issued as part of the audit of Jackson County including: Jackson County Community Backed Anti-Crime Tax (COMBAT) Fund, Jackson County No-Bid Contracts and Other Expenditures, Jackson County Budgets and Transfers, and Jackson County Payroll and Personnel Issues.

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#### **Scope and Methodology**

The scope of this audit included evaluating (1) internal controls, (2) policies and procedures, and (3) other management functions and compliance requirements in place during the 2 years ended December 31, 2018.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; gathering information regarding various departmental and other county operations through discussions with various current and past county personnel and reviewing the information obtained; and testing selected transactions. To gain an understanding of legal requirements governing departmental and other county operations, we reviewed applicable state laws, the county charter, county code, and written policies and procedures; and interviewed various individuals.

We obtained an understanding of the applicable 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 violation of contract 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 these provisions.

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# Jackson County

## Departmental and Other County Policies and Procedures

### Management Advisory Report - State Auditor's Findings

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#### 1. Assessment Department

Assessment department controls and procedures need improvement.

##### 1.1 Assessment services

The county's total assessed valuation increased by 19.75 percent as a result of the 2019 biennial reassessment, an increase that was over 70 percent more than any other county in the state<sup>1</sup> and significantly higher than the typical biennial reassessment increase. In addition, the county did not enter into timely written contracts and contract amendments, or require adequate supporting documentation to support assessment expenditures.

##### Reassessments

A comprehensive biennial reassessment process for 2019 was performed to appraise all county properties at their real value. This resulted in an increased assessed valuation for approximately 257,000 of 300,000 residential and commercial parcels (86 percent), totaling over \$2 billion. As a result of these increases, several lawsuits were filed against the county and many properties subsequently went through one or more of the following appeals processes:

- The Director of Assessment hears informal reviews from citizens not satisfied with their assessed value, as allowed by county policy.
- The Jackson County Board of Equalization (BOE) holds hearings rendering decisions on appealed assessed values, as required by Section 138.060, RSMo.
- The State Tax Commission (STC) hears appeals not satisfied through the BOE process, as required by Section 138.430, RSMo. Appeals to the STC must be filed within 30 days of the BOE's decision.

Based on the data we received through January 2020, the assessed valuation of approximately 13,000 parcels had been decreased approximately \$246 million as a result of the various appeals. The appeals process for 2019 is still continuing due to the significant number of 2019 appeals and the COVID-19 pandemic. The County Counselor indicated on December 7, 2020, "We still have some BOE cases to finish from 2019 at this point, approximately 220 total with 70 commercial and 150 residential. Property owners will get thirty days from the BOE decision to appeal to the STC. Since the BOE is still hearing 2019 appeals, there may be additional appeals to the STC for the 2019 valuations. There should not be too many appeals to the STC from those still pending BOE cases. The BOE has determined to finish all 2019 cases by the end of December." In addition, the County Counselor indicated on November 5, 2020, "According to the record that we have reviewed there are

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<sup>1</sup> State Auditor's Office (SAO), Report Number 2019-120, *2019 Property Tax Rates*, issued December 2019.





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approximately 35 appeals still pending before the STC at this time from 2019."

After the 2019 reassessment the county and its reassessment consultant, that had been under contract since June 2014, mutually agreed to not renew the reappraisal assessment service contracts that ended on September 30, 2019. Subsequently in October 2020, following 3 requests for proposals, the Legislature passed a resolution authorizing a new consultant contract at a total cost of \$17.8 million for the following services:

- Maintenance of assessment records and data including data collection, analysis and data entry of records at a cost of \$5.8 million.
- A computer assisted mass appraisal system to replace "aging county software that no longer functions correctly" at a cost of \$2.7 million.
- Reassessment services for the 2023 biennial reassessment at a cost of \$9.3 million.

Contract/contract amendment  
timeliness

As similarly noted in the Jackson County No-Bid Contracts and Other Expenditures report,<sup>2</sup> the county did not always timely enter into written contracts.

- The county did not timely enter into several contracts and contract amendments with the assessment and reappraisal services consultant discussed above. For example, after the initial contract expired on December 31, 2016, the county was billed \$120,000 for assessment services provided in January and February 2017 (\$60,000 per month) by the consultant prior to signing a contract renewal on February 10, 2017. The county subsequently paid for these services on February 16, 2017, and March 2, 2017.

In addition, the county did not enter into the 2nd renewal contract until April 17, 2018, changing the term from January through December 2018, to January 2018 through September 2019. As a result, all services and expenses incurred from January through April 16, 2018, were incurred without a signed contract. For example, the county was billed \$47,628 on April 13, 2018, by the consultant for "Extraordinary expenses due - from prior to the second renewal term." The county subsequently paid these expenses on April 19, 2018.

<sup>2</sup> SAO, Report Number 2020-075, *Jackson County No-Bid Contracts and Other Expenditures*, issued September 2020.



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- The county did not timely enter into the original contract and 2 subsequent amended contracts with another consultant to provide assistance to the Assessment department with its communications plans, services and outreach regarding the department and the appeals process, and other assessment services. The original contract and 2 subsequent amendments were all entered into after the stated start dates of July 1, 2014, 2015, and 2016, respectively.

Supporting documentation

As similarly noted in the Jackson County No-Bid Contracts and Other Expenditures report, the county did not require invoices submitted to the county to provide sufficient documentation of the details of the services provided and expenses billed to the county, limiting the county's ability to review the invoices for reasonableness, compliance with bids/contracts, and accuracy.

An invoice submitted by the second consultant only indicated "professional services preformed [*sic*] Jackson County Assessment Division March 1 to March 31, 2017." The invoice did not provide dates of hours worked, services performed, or expenses incurred. While we reviewed only one payment totaling \$3,000, the county paid this consultant \$54,000 during 2016 and 2017.

Conclusion

It is essential the county closely monitor the maintenance of assessment records and data, the implementation of the new computer-assisted appraisal system, the reassessment services for the biennial reassessments, and the training of staff to ensure effective and efficient future reassessments. Clear, detailed, and timely written contracts are necessary to ensure all parties are aware of their duties and responsibilities, prevent misunderstandings, and ensure county money is used appropriately and effectively. Also, closely monitoring compliance with contract terms is important to ensure county resources and assets are used wisely. Section 432.070, RSMo, provides that no county shall enter into a contract unless the contract is ". . . in writing and dated when made . . . ." To ensure prudent and proper use of county funds, payments should only be approved when adequate supporting documentation is submitted. Only by receiving detailed supporting documentation can the county ensure invoices for payment of professional services are legitimate and accurate, and comply with county disbursement policies.

1.2 Changes in assessed  
valuation reports

The Director of Assessment did not file, or timely file annual reports showing every residential and commercial real estate parcel with a 50 percent or greater increase in assessed valuation, or an increase in excess of \$50,000 for residential real estate and \$100,000 for commercial real estate from the previous year as required by county code.

The former Director of Assessment did not file the 2018 report as required and the Legislative Auditor indicated the 2019 and 2020 reports were not filed



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by the current Director of Assessment until after the May 31 deadline and only after being prompted by the County Legislature. The 2019 report, initially submitted on June 26, 2019, erroneously only included properties that had an increase of over 50 percent and \$50,000 for residential and over 50 percent and \$100,000 for commercial, as opposed to an increase of over 50 percent **or** \$50,000 for residential and over 50 percent **or** \$100,000 for commercial. The 2019 report was corrected and resubmitted on July 1, 2019. The 2020 report was submitted June 2, 2020. According to the Legislative Auditor, when she receives this report, she submits it to the Legislature and/or advisors to the BOE for review.

Chapter 20, Section 2000, of county code indicates, "On or before May 31 of each year, the Director of Assessment shall file with the clerk of the county legislature and the legislative auditor a report showing every real estate tax parcel classified 'residential' with an increase in assessed valuation from the previous year in excess of 50% of the previous valuation or in excess of \$50,000, and every parcel classified 'commercial' with an increase in assessed valuation from the previous year in excess of 50% of the previous year's valuation or in excess of \$100,000." By not submitting this report timely and accurately significant changes in assessed valuation are not properly disclosed to all required parties.

### 1.3 Tax Increment Financing projects

The Assessment department has not developed a method (map) to track all parcels located within Tax Increment Financing (TIF) boundaries in the county. In addition, the Assessment department does not keep a complete and accurate listing of all TIF districts within the county.

A TIF is an economic development tool that redirects local tax revenues to the redevelopment of eligible properties that are otherwise economically unfeasible. Sections 99.800 to 99.865, RSMo, the Real Property Tax Increment Allocation Redevelopment Act, enables cities to finance certain redevelopment costs with the incremental tax revenue generated by the net increase in assessed valuation resulting from the redevelopment. When a TIF plan is adopted, real estate taxes in the redevelopment area are frozen at the current level, or base valuation. By applying the real estate tax rate of all taxing districts having taxing power within the redevelopment area to the increased assessed valuation resulting from redevelopment, a tax "increment" is produced. The real estate tax increments are referred to as payments in lieu of taxes (PILOTS).

Assessment department personnel indicated they sometimes relied on the various taxing jurisdictions to request funds from the TIFs to ensure that the amounts owed were being paid out as required. As a result, the Assessment department sometimes failed to distribute monies to taxing jurisdictions.



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For example, the Assessment department<sup>3</sup> failed to properly identify 5 parcels of real estate within the Raytown Live TIF district, resulting in a failure to properly distribute PILOTS. In 2016, several years after the TIF district was formed, the developer subdivided several parcels within project area 2, subsequently adding 5 additional parcels within this TIF district. While these new parcels were added to the county tax system and real estate taxes were assessed, PILOTS were not distributed for tax years 2016, 2017, and 2018, because the Assessment department failed to identify these parcels as part of the TIF district within the tax system. The Collections department subsequently distributed \$21,649 in PILOTS to the Raytown Live TIF on October 16, 2020.

In addition, at our request, Assessment department personnel prepared a listing of current TIF projects within each TIF district. Our review of the listing identified various errors or incomplete information. For example, some terminated projects were included in the listing, some current projects were not included in the listing, and some district information was not indicated, including ordinance number, approval date, beginning year, and/or ending year. According to Assessment department personnel, an accurate listing of all TIF projects in each TIF district within the county had not been maintained for over a decade and the new listing was created after our request.

A complete and accurate map showing the boundaries of each TIF district, along with a listing of TIF projects, can serve as useful management tools for the Assessment department and county leaders by properly identifying and tracking progress of the developments. The lack of a complete and accurate TIF listing and map prevents the Assessment department from knowing what TIFs are active, and the county is dependent on local jurisdictions for accurate disbursement of TIF amounts.

## Recommendations

The County Legislature and County Executive:

- 1.1 Closely monitor the biennial reassessment process both in the immediate and future years. In addition, the County Legislature and County Executive should enter into timely written contracts and contract amendments, and ensure invoices received are adequately detailed to support the county's review.
- 1.2 Ensure the Director of Assessment submits changes in assessment reports in compliance with county code.

<sup>3</sup> Until late 2018, TIF administration was handled by the Economic Development department and then was taken over by the Assessment department.



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- 1.3 Ensure the Assessment department maintains a complete and accurate listing of TIFs and map of TIFs within its boundaries, ensuring PILOTS are properly identified and distributed to taxing jurisdictions.

## Auditee's Response

*The County Legislature provided a written response. See Appendix A.*

*The County Executive provided a written response. See Appendix B.*

## 2. Accounting Controls over Receipts and Bank Accounts

Significant improvements are needed in the handling of receipts of the Collections department and the Parks and Recreation department. In addition, the Chief Administrative Officer (CAO) has not prepared timely monthly and annual bank account reports and reconciliations in compliance with county code.

Property taxes and other monies collected by the Collections department totaled over \$900 million during each of the 2 years ended December 31, 2018. Gate receipts for Adair Park collected by the Parks and Recreation department totaled approximately \$79,000 during the 2 years ended December 31, 2018. At December 31, 2018, the county maintained 65 bank accounts with balances totaling approximately \$426 million.

### 2.1 Collections department

As a result of a cash count performed on June 5, 2019, at 2 Collections department locations, the following concerns were noted:

- Collections department personnel at the Kansas City courthouse location do not manually receipt or record checks and money orders received in the mail on a mail log, record them in the electronic accounting system, or deposit them timely or intact because mail receipts are processed as time allows. The Kansas City courthouse location had 1,130 checks and money orders, totaling approximately \$687,000, in receipts received in the mail that had not been receipted, recorded in the electronic accounting system, or deposited at the time of our cash count. Of the approximately \$687,000 on hand, letters postmarked between May 1 and May 25, 2019, totaled \$324,212. The postmark date was not recorded for \$39,447 received. Some of the checks and money orders were dated in March and April 2019. These monies were subsequently recorded in the electronic accounting system and deposited by the Collections department between June 6 and June 14, 2019.

In addition, the transmittal of monies from taxpayer service personnel (who initially receive the mailed receipts) to cash receivable (cage) personnel (who record and deposit the mailed receipts) is not documented, and checks and money orders are not restrictively endorsed immediately upon receipt. The Taxpayer Service Administrator or Supervisor transmits the monies to the cage; however, the transmittal is



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not documented. Ninety-six checks and money orders (8.5 percent) totaling \$52,157 were not restrictively endorsed. At the time of our cash count, these checks and money orders were being held in the cage until cash receivable personnel could record them and prepare them for deposit.

- Collections department personnel at the Independence courthouse location do not manually receipt or record checks and money orders received in the mail on a mail log, record them in the electronic accounting system, or deposit them timely or intact. Two checks dated May 8, 2019, and May 29, 2019, totaling \$358 were still on hand on June 5, 2019, and were not receipted or recorded in the electronic accounting system. These 2 checks were also not restrictively endorsed. These checks were subsequently recorded in the electronic accounting system and deposited by the Collections department personnel on June 5, 2019.
- Monies transmitted to the Collections department, at the Kansas City courthouse location, from other county departments were also not always receipted, recorded in the electronic accounting system, or deposited timely.

For example, \$501 (including \$476 of cash) collected by the Clerk of the Legislature between May 1, 2019, and May 17, 2019, was transmitted to the Collections department on May 28, 2019, and was still on hand in the Collections department on June 5, 2019, but had not been receipted or recorded. Also, a \$50,961 check on hand, dated May 22, 2019, for the Corrections department phone commissions had not been receipted or recorded. In addition, none of the 6 checks on hand were restrictively endorsed. These monies were subsequently deposited by the Collections department on June 6, 2019, and recorded in the electronic accounting system.

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

## 2.2 Parks and Recreation department

The Parks and Recreation department lacks adequate controls and procedures to account for gate fees at Adair Park.

Adair Park has various amenities, but the primary use of Adair Park is a girls' softball complex. The Parks and Recreation department contracts with 2 vendors to operate the gate at this complex charging \$5 for adults, \$3 for ages 6 - 15, and no charge for ages 5 and younger. According to the contract, the Parks and Recreation department receives 40 percent of the gate fees after the vendors' labor costs are deducted, with the vendors receiving the remaining 60 percent.



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These contracts do not require reporting of gate fee collections, including the number of adults and children paying gate fees, less vendor labor costs. Vendors are also not required, at a minimum, to certify the accuracy of gate fee collections. Additionally, the county does not periodically perform a review of the vendors' gate fee procedures to ensure adequate controls are in place to prevent risk of loss, theft, or misuse of gate fees. As a result, the county cannot be assured receipts from Adair Park gate fees are properly accounted for, labor costs are properly documented, and the county is properly paid the remaining fees as required by the contracts.

### 2.3 Bank account reports and reconciliations

The CAO has not prepared monthly bank account balance reports or filed an annual report showing the most recent bank reconciliations as required by county code. Also, the CAO does not always perform timely bank reconciliations as noted in the following table.

Month/Year of Financial Activity	Date Bank Reconciliation Prepared and Reviewed
September 2017	January 18, 2018
December 2017	April 10, 2018
March 2018	June 22, 2018
June 2018	August 30, 2018
September 2018	February 8, 2019
December 2018	March 27, 2019

Chapter 5, Section 555, of the county code provides, "On a monthly basis, the Chief Administrative Officer shall file a report with the Clerk of the County Legislature and the Legislative Auditor showing the balance of each County bank account with a balance in excess of \$100,000, and the balance of the same account for the same period during the previous year." In addition, Chapter 5, Section 556, provides, "On a monthly basis, the Chief Administrative Officer shall perform or cause to be performed book to bank account reconciliations for all County bank accounts and reconciliations for all political subdivision property tax collection accounts. In addition, on or before March 31 of each year, the Chief Administrative Officer shall file a report with the Clerk of the Legislature and the Legislative Auditor showing the most recent reconciliations performed pursuant to this section."

Failure to report monthly bank account balances, perform timely bank reconciliations, and file an annual report indicating the most recent bank reconciliations performed increases the risk of misstatements of cash balances, including misstatements due to fraud, and possible misappropriation of assets.



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## Recommendations

The County Legislature work with the County Executive to:

- 2.1 Ensure monies received in the mail are manually receipted or recorded on a mail log, the transmittal of monies between personnel is documented, monies are recorded in the electronic accounting system and deposited timely and intact, and checks and money orders are restrictively endorsed immediately upon receipt.
- 2.2 Ensure vendors remit reports of gate fee collections less labor costs and/or certify the accuracy of gate fees paid the county, and periodically perform a review of the vendors' gate fee collections.
- 2.3 Ensure the CAO prepares and files monthly and annual reports with the Clerk of the County Legislature and Legislative Auditor and prepares monthly bank reconciliations timely in accordance with county code.

## Auditee's Response

*The County Legislature provided a written response. See Appendix A.*

*The County Executive provided a written response. See Appendix B.*

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## 3. County Property Leases

Improvements are needed in the handling of county property leases.

### Old (Independence) City Hall

The county should reevaluate the lease agreement it entered into as landlord for the property at 200 South Main, Independence, commonly known as "Old City Hall," because the property has not been repaired and redeveloped as intended.

The county acquired the 200 South Main property in 1996 and used the building for office space until 2009. In 2010, the county requested proposals for redevelopment, reuse, and lease of the property. In evaluating responses the county wanted to identify a respondent "whose proposal will enhance and benefit the surrounding neighborhood and also provides a benefit to County residents." The county received 1 proposal to lease the property and 1 proposal to purchase the property. In August 2011, the Director of Public Works recommended accepting the lease proposal because of the county's desire to maintain ownership. The former County Executive and the County Legislature approved a 50-year lease agreement with the lessor for \$1 per year.

The lease indicated the "Tenant shall only use and occupy the Property for general office purposes and for no other purpose without the Landlord's prior written consent. Tenant agrees to restore and maintain the Property in a clean, orderly, healthful condition . . ." However, a site visit performed on November 9, 2020, revealed the property is currently vacant and will require





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significant work in order for it to be useful. The following photographs<sup>4</sup> show the poor condition of the interior and exterior of the building:



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<sup>4</sup> The photographs presented show (1) the building entrance and (2) the interior of the building. The second photograph was taken from outside the building through a window.



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Due to the property not being used, the lack of the redevelopment, and the current state of disrepair, the property does not provide a benefit to county residents.

City of Independence  
Regional Animal Shelter

The county did not conduct a cost-benefit analysis to determine if it was reasonable to continue to own the regional animal shelter and fund animal shelter operations when the majority of the animals sheltered are for the City of Independence.

Jackson County costs related to the shelter for the 3 years ended December 31, 2019, and the number of animals sheltered for unincorporated Jackson County and the City of Independence for the 3 years ended December 31, 2019, were as follows:

	Year Ended December 31,		
	2019	2018	2017
Total Jackson County costs incurred related to animal shelter	\$ 693,853	875,009	939,832
Estimated animals sheltered for unincorporated Jackson County	184 (1)	264	129
Estimated animals sheltered for City of Independence	986	718	866
Total estimated animals sheltered	1,170	982	995
Percentage of animals sheltered for unincorporated Jackson County	16%	27%	13%
Jackson County estimated average cost per animal	\$ 3,771 (1)	3,314	7,286

(1) The contract with the shelter manager/operator was terminated effective July 15, 2019, at which time the City of Independence took over the operations. However, tracking data for animals sheltered by the shelter manager/operator were not available from January 1 through July 15, 2019. Data were provided by the City of Independence for July through December 2019, and included additional details for owner surrenders, stray surrenders, and field intakes for unincorporated Jackson County animals not previously reported by the former shelter manager/operator. We doubled this total in order to obtain an estimated average cost per animal for 2019.

Significantly more animals were sheltered for the City of Independence than those sheltered for unincorporated Jackson County.

The county contracted for the shelter's operation with a not-for-profit until the contractor terminated the contract on July 15, 2019. At that time, the county negotiated with the City of Independence and turned over management and operational responsibilities to the city for 2 years, with options to extend the contract annually. Under the agreement, the city agreed to sell to the county approximately 7 acres of land that the shelter is located on for \$240,000; however, this transaction has not been finalized. This amount had been agreed upon between the county and the city in 2012. The county then leased the shelter, site, and all the existing furniture, fixtures, and equipment to the city for \$1. The county remained responsible for repaying the 2010 special obligation bonds that were issued to finance the construction of the shelter and agreed to pay the city \$100,000 annually in order to assist with transition



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costs. At December 31, 2018, the bonds outstanding totaled approximately \$4.6 million.<sup>5</sup>

The county was unable to provide any cost-benefit analysis documenting how continuing to own and fund shelter operations was determined reasonable and in the best interest of the county.

Due to the lack of analysis, there is less assurance this agreement with the City of Independence is reasonable and fiscally responsible.

## Recommendation

The County Legislature and County Executive reevaluate these property lease agreements to ensure they are in the best interest of the county.

## Auditee's Response

*The County Legislature provided a written response. See Appendix A.*

*The County Executive provided a written response. See Appendix B.*

## 4. Former Sheriff's Equipment

The Sheriff's office does not have documentation indicating the former Sheriff returned all county issued equipment including a handgun, handheld radio, ballistic vest, and voice recorder, following his resignation. An equipment return sheet is typically filled out by all employees upon resignation; however, no return sheet was found for the former Sheriff.

According to equipment records obtained from the Sheriff's office, one handgun was returned but a second handgun issued to the former Sheriff was not returned. The Sheriff's office asserted that other records show the second handgun was returned; however, those records were not provided to audit staff when requested.

Personnel policy, Section 11.22.B, regarding voluntary separation from county employment indicates, "All County owned property shall be returned to the County by the last date of employment unless otherwise directed by the Appointing Authority." In addition, the Sheriff's office indicated an unofficial policy allowed officers to retain their ballistic vests after the vests' effective life spans.

## Recommendation

The County Legislature work with the County Executive to ensure records are kept documenting the return of all county issued equipment, or reasons why certain items were not returned, following an employee's departure in accordance with county policy.

<sup>5</sup> In September 2020, the county authorized \$4.5 million in special obligation refunding bonds to refinance the county debt on the facility. In addition, the county has had discussions with the city regarding future ownership and operation of the facility.



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## Auditee's Response

*The County Legislature provided a written response. See Appendix A.*

*The County Executive provided a written response. See Appendix B.*

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## 5. Electronic Data Security

The Information Technology (IT) department did not maintain or monitor network access logs and did not timely revoke network access of terminated employees.

### 5.1 Network access logs

The county did not maintain or monitor network access logs prior to June 24, 2019. The IT department utilizes a network security software system to authenticate users and workstations, and handle security policy and other aspects of network administration. However, the IT department did not know the user log function had been disabled. According to IT department personnel, the user log function was likely disabled due to server storage capacity concerns. Upon this discovery, the user log function was immediately activated and server storage capacity is no longer a concern.

Without an effective method to identify, log, and monitor significant security-relevant events, there is an increased risk that unauthorized or inappropriate system activity may not be detected.

### 5.2 User accounts

The IT department did not always timely revoke access to the county network when an employee terminated employment. County network access for 2 former Sheriff's office employees, who terminated employment in March and May 2018, was not revoked until January 2019, approximately 9 and 7 months, respectively, after their terminations.

County network access for terminated employees should be promptly deleted to reduce the risk of a compromised password and unauthorized access to and use of network data.

## Recommendations

The County Legislature work with the County Executive to:

- 5.1 Ensure network access logs are maintained and monitored.
- 5.2 Ensure network access for terminated employees is promptly revoked.

## Auditee's Response

*The County Legislature provided a written response. See Appendix A.*

*The County Executive provided a written response. See Appendix B.*



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## 6. Electronic Communication Policies

The county has not developed records management and retention policies in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms. According to the Director of Information Technology, development of an email retention policy has previously been proposed and such a policy drafted, but a formal policy has never been approved.

Section 109.270, RSMo, provides that all records made or received by an official in the course of his/her public duties are public property and are not to be disposed of except as provided by law. Section 109.255, RSMo, provides that the Local Records Board issue directives for the destruction of records. The guidelines for managing electronic communications records can be found on the Secretary of State's website.<sup>6</sup>

Development of written policies to address the use of electronic communications is necessary to ensure all documentation of official business of the county is retained as required by state law.

### Recommendation

The County Legislature and County Executive develop written records management and retention policies to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

### Auditee's Response

*The County Legislature provided a written response. See Appendix A.*

*The County Executive provided a written response. See Appendix B.*

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## 7. Sunshine Law

### Oversight

The county does not fully comply with the Sunshine Law or County Code provisions establishing procedures for Sunshine Law requests.

The County Counselor has not established procedures to ensure all Sunshine Law requests are submitted to his office for review and assistance with compliance. The County Counselor estimated his office reviews approximately 95 percent of all Sunshine Law requests, and most of the remaining 5 percent are handled by the Finance and Purchasing department. The County Counselor does not maintain a log to ensure all requests are accounted for properly and a log is also not maintained by various officials or departments. While the Sunshine Law does not require a log to be maintained,

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<sup>6</sup> Missouri Secretary of State Records Services Division, *Electronic Communications Records Guidelines for Missouri Government*, May 14, 2019, is available at <<https://www.sos.mo.gov/CMSImages/LocalRecords/CommunicationsGuidelines.pdf>>, accessed October 21, 2020.



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a log would aid in tracking all Sunshine Requests and in documenting compliance with the law.

Chapter 12 of the County Code provides for the County Legislature; each elected official; various division chiefs, department directors, and similar officers; and boards and commissions to each have their own custodian of records. Section 1204.1, indicates all custodian of records are to immediately submit Sunshine Law requests "to the County Counselor for his review and assistance in compliance." Without centralized oversight of all Sunshine Law requests, the county could subject itself to lawsuits and fines and risk loss of credibility with its constituency.

## Sunshine Law requests

Fees charged for Sunshine Law requests are not always compliant with the Sunshine Law. We noted the following concerns:

- The Sheriff's office improperly charges photocopying fees at \$2 for the first page and \$0.25 per page for each additional page.
- The prior County Counselor allowed individual attorneys handling Sunshine Law requests to determine the fees charged. The hourly rate quoted for research for an October 2018 Sunshine Law request was \$33 per hour. No documentation was provided indicating how the \$33 was determined.

Chapter 12, Section 1206.2.a, of the county code indicates "The fee for photocopies is \$.10 per single-sided page of a document not larger than 9" x 14" in size." In addition, Section 1206.2.b, indicates the Custodian of Records "may charge such fees as are authorized Pursuant to Section 610.026 of the Revised Statutes of Missouri or any amendments thereto."

Section 610.026.1(1), RSMo, provides that a public governmental body may charge up to 10 cents per page for standard paper copies, the average hourly rate of pay for clerical staff to duplicate documents, and the actual cost of the research time for fulfilling the request. This provision also requires the public governmental body to produce the requested information using employees capable of searching, researching, and copying the records that will result in the lowest cost.

Political subdivisions should ensure charges for public record requests comply with the Sunshine Law. Improper or unreasonable charges place an unnecessary burden on a political subdivision's constituents and could result in limiting government transparency.

## Recommendation

The County Legislature and County Executive ensure all Sunshine Law requests are reviewed by the County Counselor and are properly accounted for, and fees are charged in compliance with county code and state law.



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## Auditee's Response

*The County Legislature provided a written response. See Appendix A.*

*The County Executive provided a written response. See Appendix B.*

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## 8. County Boards and Commissions

The list of county boards and commissions and their members maintained by the Clerk of the County Legislature and the list included on the county's website are not always accurate and complete. In addition, the County Executive did not ensure vacancies and expired terms on boards and commissions were filled timely.

Boards and commissions are created for various purposes by county code or state statute. The County Executive is required to appoint the majority of the members of the boards and commissions. The Clerk of the County Legislature maintains a list to track each board and commission, board and commission members' names, terms, vacancies, and expired terms. The Clerk of the County Legislature updates this list as resignations occur and appointments are made to various boards and commissions. This information is used to update the county's boards and commissions website. The boards and commissions listing provided by the Clerk of the County Legislature in July 2019 included 29 boards and commissions. We compared the listing to information provided on the county's boards and commissions website, recent Jackson County legislation, and various other websites.

### Incomplete and inaccurate records

A comparison of the Clerk of the County Legislature's list to the county's website identified the following concerns:

- Only 19 of the 29 boards and commissions included on the Clerk of the County Legislature's listing were included on the county's website.
- Four of the 23 boards and commissions included on the county's website were not included on the Clerk of the County Legislature's listing.
- Some information included on the Clerk of the County Legislature's listing did not agree to information included on the county's website. Information included on both the listing and website appeared either incomplete or outdated.

Complete, accurate, and updated lists and websites regarding boards and commissions and the applicable board and commission members are necessary for the County Executive to monitor board and commission vacancies and expired terms, and appoint board and commission members. In addition, accurate information is needed for citizens interested in applying to serve on these boards and commissions.

### Unfilled vacancies and expired terms

We also reviewed the number of vacancies and expired terms for the 23 boards and commissions included on the county's website. Seven of the 23



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boards and commissions had at least one vacancy or expired term and 4 of the 7 had significant vacancies and/or expired terms as follows:

- The Community Mental Health Fund Board, a 15-member board, had 3 vacancies and 12 expired terms.
- The Ethics, Human Relations and Citizen Complaints Board, a 7-member board, had 1 vacancy and 6 expired terms.
- The Pension Plan Board of Trustees, an 11-member board, had 8 expired terms.
- The Plan Commission, a 9-member commission, had 1 vacancy and 8 expired terms.

Procedures to fill board and commission vacancies timely are necessary to ensure boards and commissions have sufficient members to function properly. Unfilled vacancies can make it more difficult or impossible for boards and commissions to establish a quorum to meet and conduct business. Also, unfilled vacancies may prevent balanced decision-making on boards and commissions because the backgrounds and interests associated with the vacant positions would not be represented. Not timely replacing members with expired terms appears to violate the intent of Article XI of the county Charter, as well as applicable chapters of county code governing term length provisions of members of various boards and commissions.

## Recommendation

The County Legislature and County Executive establish procedures to ensure board and commission lists and websites are complete, accurate and updated. In addition, the County Executive should work to fill vacancies and expired terms timely.

## Auditee's Response

*The County Legislature provided a written response. See Appendix A.*

*The County Executive provided a written response. See Appendix B.*





Appendix A  
Jackson County - Departmental and Other County Policies and Procedures  
Auditee Response - County Legislature



**COUNTY LEGISLATURE  
JACKSON COUNTY, MISSOURI**

**THERESA CASS GALVIN  
LEGISLATIVE CHAIRMAN  
JACKSON COUNTY LEGISLATOR, 6TH DISTRICT**

JACKSON COUNTY COURTHOUSE  
415 E. 12th Street, 2nd Floor  
Kansas City, Missouri 64106

Office: 816-881-3132  
Fax: 816-881-3340  
[www.jacksongov.org](http://www.jacksongov.org)



December 21, 2020

Nicole Galloway  
Missouri State Auditor  
Truman State Office Building  
301 West High Street, Rm 880, P.O. Box 869  
Jefferson City, MO 65102

Honorable Auditor Galloway,

In February 2018 the Jackson County Legislature formally requested an independent audit by the Missouri State Auditor to provide assurance to all County elected officials and the citizens of Jackson County that the assets of the County are safeguarded through proper internal controls that fully comply with applicable State and County laws.

Once again, the County Legislature greatly appreciates the State Auditor's time and efforts in conducting an audit and issuing a report of the Jackson County Departmental and Other County Policies and Procedures as the fifth and final report of multiple areas of review.

The County Legislature fully supports the recommendations as well as the need for improvement in management policies, practices and procedures and is committed to actions strengthening oversight efforts of county operations and internal controls through policymaking measures to establish best practice standards that fall within the County Legislature's powers and duties of the Jackson County Charter.

*Harry S. Truman, Presiding Judge, 1927-1934*





Appendix B  
Jackson County - Departmental and Other County Policies and Procedures  
Auditee Response - County Executive



**FRANK WHITE, JR.**  
Jackson County Executive

January 4, 2021

Honorable Nicole Galloway  
Missouri State Auditor's Office  
P.O. Box 869  
Jefferson City, MO 65102

via email: [robert.mcarthur@auditor.mo.gov](mailto:robert.mcarthur@auditor.mo.gov),  
[pamela.allison@auditor.mo.gov](mailto:pamela.allison@auditor.mo.gov)

Dear Madam:

1.1

The Administration is committed to continuing to work with the County Legislature in all aspects of the state mandated reassessment process, including, but not limited to, the timely execution of contracts. In addition, the Administration will continue to review the findings and recommendations contained within this report, and in collaboration with the County Legislature make any additional changes necessary.

1.2

The Administration will work with the County Assessor to ensure that all reports are completed and submitted within the deadlines established by the County Legislature. In addition, the Administration will continue to review the findings and recommendations contained within this report, and in collaboration with the County Legislature make any additional changes necessary.

1.3

The Administration will work with municipalities throughout the County to ensure they are properly and promptly notifying the County of any new TIFs within the County. In addition, the Administration will continue to review the findings and recommendations contained within this report, and in collaboration with the County Legislature make any additional changes necessary.

2.1-2.2

In 2020, the County's Park + Recreation Department modified the terms of the Adair Park vendor agreement to include, in part, the recommendations made by this report. Due to the currently ongoing COVID-19 pandemic, no youth softball tournaments were held at Adair Park in 2020. In addition, the Administration will continue to review the findings and recommendations contained within this report, and in collaboration with the County Legislature make any additional changes necessary.



Jackson County Courthouse 415 East 12th Street Kansas City, Missouri 64106  
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Auditee Response - County Executive

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2.3

The Administration will ensure that all reports are completed and submitted within the deadlines established by the County Legislature. In addition, the Administration will continue to review the findings and recommendations contained within this report, and in collaboration with the County Legislature make any additional changes necessary.

3.

The Administration will work with the Legislature to ensure that all property lease agreements are in the best interest of the county. In addition, the Administration will continue to review the findings and recommendations contained within this report, and in collaboration with the County Legislature make any additional changes necessary.

4.

The Administration will work with the Legislature to ensure that all property is returned by former county associates. In addition, the Administration will continue to review the findings and recommendations contained within this report, and in collaboration with the County Legislature make any additional changes necessary.

5.1-5.2

The Information Technology Department has made the changes necessary to ensure that network access logs are properly maintained and monitored, as well as terminating the network access for former county associates promptly. In addition, the Administration will continue to review the findings and recommendations contained within this report, and in collaboration with the County Legislature make any additional changes necessary.

6.

The Administration will work with the County Legislature to update our record retentions policies to reflect electronic communications. In addition, the Administration will continue to review the findings and recommendations contained within this report, and in collaboration with the County Legislature make any additional changes necessary.



Appendix B  
Jackson County - Departmental and Other County Policies and Procedures  
Auditee Response - County Executive

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7.

The Administration will work with the County Counselor's Office and County Legislature to ensure that all open-records requests are being properly reviewed, billed, and responded to. In addition, the Administration will continue to review the findings and recommendations contained within this report, and in collaboration with the County Legislature make any additional changes necessary.

8.

The Administration will work with the County's Information Technology and Communication's Departments to ensure that information contained on the county's website is accurate and up to date. The Administration will also continue to work to fill the numerous boards and commissions with talented, engaged, and diverse individuals to best serve our community. In addition, the Administration will continue to review the findings and recommendations contained within this report, and in collaboration with the County Legislature make any additional changes necessary.

Regards,



Frank White, Jr.  
Jackson County Executive

cc: Robert McArthur II, Senior Auditor III  
Pamela Allison, Supervising Manager of the Public Corruption and Fraud Division