

The seal of the Missouri State Auditor is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "JUSTICE WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom.

Nicole Galloway, CPA

Missouri State Auditor

Dade County

Report No. 2021-042

July 2021

auditor.mo.gov



Findings in the audit of Dade County

County Collector-Treasurer's Controls and Procedures	The County Collector-Treasurer incorrectly withheld 3 percent on all real estate and personal property taxes collected rather than withholding 1 percent, resulting in the various political subdivisions not receiving the full amounts owed to them. The County Collector-Treasurer did not change the commission rate withheld for real estate and personal property taxes when the county switched from a township-organized county to a county-organized county in April 2017. The County Collector-Treasurer does not prepare a monthly list of liabilities for the County Collector bank account, and consequently, liabilities are not compared to the reconciled bank balance.
Sheriff's Controls and Procedures	The Sheriff does not prepare bank reconciliations and lists of liabilities monthly. Receipt slips for civil and criminal process fees are not always issued in numerical sequence and receipts are not always deposited timely or transmitted timely to the County Collector-Treasurer. The Sheriff does not disburse some receipts timely as required by state law. The Sheriff does not disburse all commissary net proceeds to the county Inmate Prisoner Detainee Security Fund as required by state law. The Sheriff's office collects \$25 for the replacement of a CCW permit, which is not the amount allowed by state law.
Recorder of Deeds' Bank Reconciliations and Liabilities	The Recorder of Deeds does not prepare bank reconciliations and does not maintain a list of liabilities.
Recorder of Deeds' Electronic Data Security	The Recorder of Deeds has not established adequate password controls to reduce the risk of unauthorized access to computers and data. The Recorder of Deeds does not have security controls in place to lock her computer after a specified number of incorrect logon attempts.
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.

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NICOLE GALLOWAY, CPA

Missouri State Auditor

County Commission
and
Officeholders of Dade County

We have audited certain operations of Dade County in fulfillment of our duties under Section 29.230, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2020. The objectives of our audit were to:

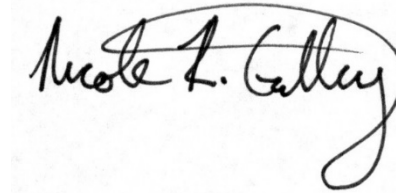
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 using haphazard and judgmental selection, as appropriate, but the results of our tests cannot be projected to the population of all transactions of the county. We obtained an understanding of internal control that is significant to the audit objectives and assessed the design and implementation of such internal control to the extent necessary to address our audit objectives. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Dade County.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style and is enclosed within a faint, light-colored rectangular border.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Senior Director:	Randall Gordon, M.Acct., CPA, CGAP
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Dade County Management Advisory Report State Auditor's Findings

1. County Collector-Treasurer's Controls and Procedures

Controls and procedures in the County Collector-Treasurer's office need improvement. The office collected approximately \$7.5 million in property taxes and other receipts as the County Collector during the year ended February 28, 2021.

1.1 Commissions

The County Collector-Treasurer incorrectly withheld 3 percent on all real estate and personal property taxes collected rather than withholding 1 percent, resulting in the various political subdivisions not receiving the full amounts owed to them. The County Collector-Treasurer did not change the commission rate withheld for real estate and personal property taxes when the county switched from a township-organized county to a county-organized county in April 2017. These commissions were recorded in the General Revenue Fund and are owed to the various political subdivisions. For example, from November 2020 through January 2021, the County Collector-Treasurer withheld approximately \$109,000 from 2020 real estate and personal property taxes that should have been disbursed to the political subdivisions.

Section 65.610.1, RSMo, requires a county abolishing the township organization to immediately follow the laws in force in relation to counties not having township organization. Section 52.260(3), RSMo, requires the collector in counties not having township organization with taxes levied for any one year that exceeds \$3 million to collect a fee of 1 percent on all state, county, bridge, road, school, back and delinquent, and all other local taxes, to be deducted from the amounts collected.

1.2 Liabilities

The County Collector-Treasurer does not prepare a monthly list of liabilities for the County Collector bank account, and consequently, liabilities are not compared to the reconciled bank balance. The County Collector-Treasurer indicated he does not prepare a list of liabilities because he disburses all of the money collected, which is sufficient to ensure his records were accurate. The reconciled bank balance as of January 31, 2021, was \$200,857 while the list of liabilities totaled \$200,565 in undistributed January 2021 collections and interest, resulting in an unidentified balance (overage) of \$292. The County Collector-Treasurer was unable to identify the differences between liabilities and the reconciled bank balance.

Regular identification and comparison of liabilities to the reconciled bank balance is necessary to ensure accounting records are in balance, all amounts received are disbursed, and money is available to satisfy all liabilities. Differences should be adequately investigated and resolved. Various statutory provisions provide for the disposition of unidentified money.



Recommendations

The County Collector-Treasurer:

- 1.1 Recalculate tax commissions withheld from real estate and personal property taxes since the change in county organization in April 2017, and correct distributions to the various political subdivisions and the General Revenue Fund. The County Collector-Treasurer should also ensure future commission calculations are accurate.
- 1.2 Ensure monthly lists of liabilities are prepared and reconciled timely to the bank account. Any differences between accounting records and reconciliations should be promptly investigated and resolved. In addition, any unidentified money should be disbursed in accordance with state law.

Auditee's Response

- 1.1 *I have corrected the amount of commissions being withheld in the computer system and corrected and disbursed the over withheld commissions to the appropriate political subdivisions.*
- 1.2 *I will consider preparing lists of liabilities to compare to my accounting records and bank account. I am going to wait to investigate and disburse the unidentified overage until the next tax season, because there was a system problem this tax year. There was a problem with online payments in December 2020 that was mostly corrected in January 2021; any missing credit to a tax bill should be identified by the taxpayer during next year's tax season.*

2. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The office collected approximately \$33,000 for civil and criminal process fees, bonds, concealed carry weapon (CCW) permits, commissary sales, and other miscellaneous receipts during the year ended December 31, 2020.

2.1 Bank reconciliations and liabilities

The Sheriff does not prepare bank reconciliations and lists of liabilities monthly. All monthly bank reconciliations for the fees and inmate security accounts for the year ended December 31, 2020, were prepared in January 2021.

The reconciled bank balance for the fee account as of December 31, 2020, was \$6,083. The account included \$5,967 in civil and criminal process fees collected and not disbursed to the county from January 2020 to December 2020 (see section 2.3), and an additional \$87 of undistributed interest, resulting in an unidentified balance (overage) of \$29.

The Sheriff's office did not generate bank account reconciliations for the inmate security account, including a list of deposits in transit, outstanding checks, or adjustments, until requested by auditors on January 29, 2021. The resulting reconciled bank balance as of December 31, 2020, was \$9,877,



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which included \$3,552 in liabilities accrued in the account. The unidentified balance remaining in the account (overage) totaled \$6,325.

The Sheriff indicated he does not have adequate staffing in his office to ensure bank reconciliations are performed monthly. Performing monthly bank reconciliations 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 accounting records are in balance, all amounts received are disbursed, and money is available to satisfy all liabilities. Differences should be adequately investigated and resolved. Various statutory provisions provide for the disposition of unidentified money.

2.2 Receipting, depositing, and transmitting

Procedures for receipting, depositing, and transmitting need improvement. We tested all receipt slips for 4 deposits made into the fee account and 4 deposits made into the inmate security account, totaling \$8,078, using haphazard and judgmental selection from all deposits made for these 2 accounts during the year ended December 31, 2020.

- Receipt slips for civil and criminal process fees are not always issued in numerical sequence. Five receipt slips of the 69 issued from March 6, 2020, through March 23, 2020, June 1, 2020, through July 1, 2020, September 1, 2020, through September 25, 2020, and December 1, 2020, through December 29, 2020, were not issued in numerical sequence.
- Receipts are not always deposited timely or transmitted timely to the County Collector-Treasurer. For example, the Sheriff did not deposit civil and criminal process fee receipts from March 6, 2020, through March 23, 2020, totaling \$474, until June 11, 2020, and fees received for CCW permits from March 6, 2020, through July 7, 2020, totaling \$2,025, were not transmitted to the County Collector-Treasurer until July 9, 2020. Additionally the Sheriff did not deposit inmate receipts from July 2, 2020, through July 30, 2020, totaling \$2,123, to the inmate security bank account until August 28, 2020.

The Sheriff indicated his office does not have adequate staffing to ensure procedures for receipting, depositing, and transmitting are performed monthly. To limit access to the money, he takes deposits to the bank himself.

Failure to implement adequate receipting, depositing, and transmitting procedures increases the risk that loss, theft, or misuse of receipts will occur and go undetected.

2.3 Disbursements

The Sheriff does not disburse some receipts timely as required by state law. During the year ended December 31, 2020, the Sheriff collected civil and



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criminal process fees totaling \$5,967. The fees were not disbursed to the County Collector-Treasurer until February 2021. The Sheriff also collected commissary sales totaling \$1,779 and board bills and medical fees totaling \$1,260 from January 2020 through May 2020. These receipts were not disbursed to the County Collector-Treasurer until June 2020. Additionally, the Sheriff collected drug testing fees totaling \$200 in December 2020. The fees were not disbursed to the County Collector-Treasurer until March 2021, after we brought this to his attention. The Sheriff indicated he does not have adequate staffing in his office to ensure timely disbursements are made.

Failure to implement adequate disbursing procedures increases the risk that loss, theft, or misuse of receipts will occur and go undetected. Section 50.370, RSMo, requires all county officials who receive fees or any other remuneration for official services to pay such fees monthly to the County Collector-Treasurer. Additionally, pursuant to Section 50.380, RSMo, the Sheriff may be subject to penalties for failure to timely disburse receipts.

2.4 Inmate Prisoner Detainee Security Fund

The Sheriff does not disburse all commissary net proceeds to the county Inmate Prisoner Detainee Security Fund as required by state law. Net proceeds from commissary sales are retained with inmate money in the inmate security bank account. Any amount in the bank account exceeding the inmate money and other liabilities is considered commissary net proceeds. As noted in section 2.1, an unidentified amount of \$6,325 remained in the inmate security bank account as of December 31, 2020. The Sheriff stated he was waiting to turn over the remaining money until he changed commissary vendors in 2021.

Section 221.102, RSMo, requires each county jail to keep revenues from its commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining money (net proceeds) into the county Inmate Prisoner Detainee Security Fund held by the County Collector-Treasurer.

2.5 CCW Permits

The Sheriff's office collects \$25 for the replacement of a CCW permit, which is not the amount allowed by state law. The Sheriff indicated this was the cost to print a replacement permit.

Section 571.104.6, RSMo, allows the Sheriff to charge a \$10 processing fee for costs associated with replacing a lost or destroyed CCW permit.

Similar conditions previously reported

A similar condition to section 2.1 was noted in our prior 4 audit reports. A similar condition to section 2.2 was noted in our prior 5 audit reports. Similar conditions to section 2.3 and 2.4 were noted in our prior audit report. In addition, Report No. 2018-131, *Follow-up Report on Audit Findings - Dade County* (sections 1.3, 1.4, 1.5, 2.2, 2.3, and 2.4), issued in December 2018,



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reported the statuses, at that time, as partially implemented for sections 1.3, 1.5, 2.2, and 2.3, and not implemented for sections 1.4 and 2.4.

Recommendations

The Sheriff:

- 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. In addition, if any money remains unidentified, the money should be disbursed in accordance with state law.
- 2.2 Issue receipt slips in numerical sequence, deposit receipts timely, and transmit receipts timely to the County Collector-Treasurer.
- 2.3 Disburse receipts timely.
- 2.4 Ensure existing and future commissary net proceeds not necessary to meet cash flow needs or current operating expenses are disbursed to the County Collector-Treasurer for deposit in the Inmate Prisoner Detainee Security Fund.
- 2.5 Ensure the fee amount charged for replacing a lost or destroyed CCW permit is allowed by state law.

Auditee's Response

- 2.1 *I will attempt to be timely on future reconciliations. If any money remains unidentified, we will disburse it in accordance with state law.*
- 2.2 *All manual receipt slips have been discontinued. A computer generated receipt slip is produced and tracked by the software provider. Receipts transmitted to the County Collector-Treasurer are dependent on the timely reconciliation. As stated earlier, I will attempt to be more diligent to complete that task.*
- 2.3 *Disbursements are dependent on the timely reconciliation. As stated earlier, I will attempt to be more diligent to complete that task.*
- 2.4 *The inmate security balance was transmitted to the County Collector-Treasurer in the Spring of 2021. Again, the accurate transmission of these funds depends on the complete closing of the current period that is being remitted.*
- 2.5 *The permit fee that was incorrectly collected will not happen again.*



3. Recorder of Deeds' Bank Reconciliations and Liabilities

Controls and procedures in the Recorder of Deeds' office need improvement. The office collected approximately \$62,000 for recording documents such as marriage licenses, deeds, and other miscellaneous receipts during the year ended December 31, 2020.

The Recorder of Deeds does not prepare bank reconciliations and does not maintain a list of liabilities due to time constraints. As a result, she did not identify a March 2020 distribution error totaling \$894 until January 2021, and the subsequent distributions to correct the error were not completed until February 2021. The distribution error occurred when the Recorder of Deeds inadvertently ran the March distribution report for less than the entire month, so not all March receipts were included.

At our request, the Recorder of Deeds prepared a list of liabilities as of December 31, 2020. The reconciled bank balance as of December 31, 2020, was \$6,791 while the list of liabilities totaled \$6,518, including \$5,431 in undistributed December 2020 collections, \$894 in undistributed March 2020 collections, \$128 in tax liens, and \$65 in interest not distributed. This resulted in an unidentified balance (overage) of \$273. The Recorder of Deeds was unable to identify the differences between liabilities and the reconciled bank balance.

Performing monthly bank reconciliations 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 accounting records are in balance, all amounts received are disbursed, and money is available to satisfy all liabilities. Differences should be adequately investigated and resolved. Various statutory provisions provide for the disposition of unidentified money.

Recommendation

The Recorder of Deeds prepare monthly bank reconciliations and lists of liabilities and reconcile the list of liabilities to the bank reconciliation. Any differences between accounting records and reconciliations should be promptly investigated and resolved. In addition, any unidentified money should be disbursed in accordance with state law.

Auditee's Response

The March 2020 mistake was made when COVID-19 hit. When I ran my report at the end of the month, I put the wrong times on the report, which caused the error. I believe the \$273 overage has accumulated over several years, probably from running my month end report with specific times that did not include the entire workday. I will research this amount and turn any remaining unidentified amount over to the County Collector-Treasurer. I do not reconcile my bank account. I collect one month and disburse everything out the very next month. I will try to reconcile timely in the future.



4. Recorder of Deeds' Electronic Data Security

Controls over the Recorder of Deeds' computers are not sufficient. As a result, the office's records are not adequately protected and are susceptible to unauthorized access or loss of data.

4.1 Passwords and user identification

The Recorder of Deeds has not established adequate password controls to reduce the risk of unauthorized access to computers and data. The Recorder of Deeds is not required to change her password periodically to help ensure it remains known only to her. In addition, the Recorder of Deeds is not required to have a minimum number of characters in the password. The Recorder of Deeds believed having passwords on the computer software was a sufficient password control.

Passwords are necessary to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, since passwords do not have to be periodically changed or contain a minimum number of characters, there is less assurance the office is effectively limiting access to computers and data files. Passwords should be unique and confidential and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

4.2 Security controls

The Recorder of Deeds does not have security controls in place to lock her computer after a specified number of incorrect logon attempts. The Recorder of Deeds is the only staff in the office and did not believe this control was necessary.

Logon attempt controls lock the capability to access a computer after a specified number of consecutive invalid logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a computer by guessing passwords. Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

A similar condition was noted in our prior audit report.

Recommendations

The Recorder of Deeds:

- 4.1 Require confidential passwords that contain a minimum number of characters, and are periodically changed to prevent unauthorized access to county computers and data.
- 4.2 Require computers to have security controls in place to lock the computer after a specified number of incorrect logon attempts.



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Auditee's Response

I am the only one with access to my computer, so I did not believe these password and security controls were necessary. I will work with my information technology vendor to correct these issues.

Dade County

Organization and Statistical Information

Dade County is a county-organized, third-class county. Dade County was a township-organized, third class county until April 4, 2017, when voters approved the abolishment of the township form of government. The offices of the County Collector and County Treasurer were not separated when the township was abolished, so the County Collector-Treasurer is responsible for the duties of both offices. The county seat is Greenfield.

Dade County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county 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 30 full-time employees and 7 part-time employees on December 31, 2020.

Elected Officials

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

Officeholder	2021	2020
Randy Daniel, Presiding Commissioner	\$	29,080
David Rusch, Associate Commissioner		27,080
Dallas Maxwell, Associate Commissioner		27,080
Carolyn Kile, Recorder of Deeds		40,000
Melinda Wright, County Clerk		40,000
Kaitlin S. Greenwade, Prosecuting Attorney		47,000
Max Huffman, Sheriff		44,000
Gary Banta, County Coroner		13,000
Chrissy Welch, Public Administrator		27,000
Rod O'Connor, County Collector-Treasurer (1), year ended February 28,	45,580	
Annette Black, County Assessor, year ended August 31,		40,000

(1) Includes \$5,580 of commissions earned for collecting city property taxes.