

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

Oregon County

Report No. 2021-069

September 2021

auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Oregon County

Sheriff's Controls and Procedures	The Sheriff has not adequately segregated accounting duties or performed adequate supervisory reviews of detailed accounting and bank records. The Sheriff's Office Manager does not always perform timely reconciliations of the bank account. Office personnel do not charge or collect sales taxes on phone cards and e-cigarettes sold to inmates not handled by the commissary vendor, and no sales taxes are remitted to the Department of Revenue.
Public Administrator's Annual Settlements	The Public Administrator does not always file annual settlements or status reports timely.
Prosecuting Attorney's Controls and Procedures	The Prosecuting Attorney has not adequately segregated accounting duties or performed supervisory reviews of accounting records and transmittals.
Electronic Data Security	The Prosecuting Attorney has not established adequate password controls to reduce the risk of unauthorized access to computers and data. Sheriff's office personnel do not back up computer data on a regular basis.
Sunshine Law	The County Clerk does not maintain a log of public records requests to ensure all Sunshine Law records requests are handled in compliance with state law. The County has not adopted a written policy regarding public access to county records as required by state law.
Electronic Communication Policy	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.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

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

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

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

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NICOLE GALLOWAY, CPA

Missouri State Auditor

County Commission
and
Officeholders of Oregon County

We have audited certain operations of Oregon 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:

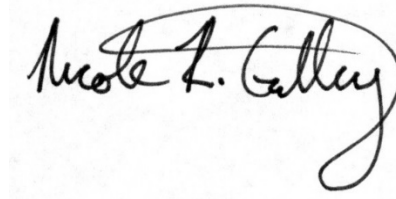
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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. 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 Oregon 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:	Chris Vetter, CPA, CFE, CGAP
In-Charge Auditor:	Michelle Pummill, CFE
Audit Staff:	Albert Borde-Koufie, MBA Logan J. Vogel

Oregon 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 payments for civil fees, concealed carry weapon permits, jail phone and commissary commissions, bonds, and other miscellaneous receipts totaling approximately \$51,100 for the year ended December 31, 2020.

1.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties or performed adequate supervisory reviews of detailed accounting and bank records. The Office Manager is primarily responsible for receipting, recording, and depositing payments received; preparing disbursements, bank reconciliations, and monthly fee reports; and billing for inmate transportation reimbursement claims and board bills and receiving and transmitting the associated payments collected. The Sheriff indicated there are not enough office employees to adequately segregate accounting duties. The Sheriff documents his review of the monthly fee report; however, documentation regarding reviews of any other records is not maintained.

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 receipts; 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.

1.2 Bank reconciliations and liabilities

The Office Manager does not always perform timely reconciliations of the bank account. Records showed she did not complete the December 2020 bank reconciliation until February 2021. In addition, monthly lists of liabilities are not prepared to reconcile to the available cash balance. As a result, the Sheriff's bank account had \$6,181 of unidentified money at December 31, 2020. Our review of the December 2020 accounting records determined part of this unidentified money included \$65 for paper services fees that should have been turned over to the County Treasurer and \$33 in overpayments that should have been refunded. The Office Manager indicated that due to her numerous job duties, she is not always able to perform timely bank reconciliations or investigate errors and differences.

Performing monthly bank reconciliations helps ensure accurate records are kept and increases the likelihood errors will be identified. Regular identification and comparison of liabilities to the available cash balance is necessary to ensure records are in balance and money is available to satisfy all liabilities.

1.3 Sales tax

The Sheriff's office does not charge or collect sales taxes on phone cards and e-cigarettes sold to inmates not handled by the commissary vendor, and no sales taxes are remitted to the Department of Revenue (DOR). Sheriff's office personnel indicated they did not know about this requirement.



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Pursuant to 12 Code of State Regulations 10-110.955(3)(B), sales by the state of Missouri and its political subdivisions are subject to tax. Therefore, the Sheriff should be charging and collecting sales tax and remitting tax collections to the DOR.

Similar conditions
previously reported

A similar condition to section 1.1 was noted in our prior 3 audit reports. In addition, a similar condition to section 1.2 was noted in our 2 prior audit reports.

Recommendations

The Sheriff:

- 1.1 Segregate accounting duties or ensure documented independent or supervisory reviews of detailed accounting and bank records are performed.
- 1.2 Ensure bank reconciliations are performed timely and lists of liabilities are prepared and reconciled to the available cash balance monthly. Any differences should be promptly investigated and resolved.
- 1.3 Contact the DOR for guidance on establishing procedures for charging and collecting sales tax on phone cards and e-cigarettes and ensure future sales tax collections are remitted to DOR.

Auditee's Response

- 1.1 *We are exploring funding opportunities to obtain and retain a part-time staff member to perform an adequate independent or supervisory review of accounting and bank records, thus ensuring a detailed reconciliation of receipt and disbursement records is performed and documented.*
- 1.2 *We are exploring funding opportunities to obtain and retain a part-time staff member to perform an adequate independent or supervisory review of accounting and bank records, thus ensuring a detailed reconciliation of receipt and disbursement records is performed and documented.*
- 1.3 *We are researching vendor options, tax requirements, and DOR guidance on procedures for charging, collecting, and remitting sales tax on future transactions.*

**2. Public
Administrator's
Annual Settlements**

The Public Administrator does not always file annual settlements or status reports timely. The Public Administrator is the court-appointed personal representative for wards or decedent estates of the Circuit Court, Probate Division. The former Public Administrator's term ended December 31, 2020, and the current Public Administrator took office on January 1, 2021. Recommendations are directed to the current Public Administrator because



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she is in a position to implement changes. The Public Administrator's office was responsible for 70 wards and estates during the year ended December 31, 2020.

During our review of a judgmental sample of 10 cases¹ with annual settlements or status reports due in 2019 and 2020, the annual settlement or status report was not filed timely for 4 of the cases (40 percent). Annual settlements and status reports were filed for these 4 cases from 88 to 548 days after the due date. The Public Administrator records the due dates for the annual settlements and status reports in her case management software. In addition, the Circuit Court, Probate Division Clerk sends a notice to the Public Administrator when an annual settlement or status report is due. Even with these procedures, the former Public Administrator said she did not file the annual settlements and status reports timely due to the extent of her other responsibilities.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement or status report with the court for each ward or estate. Timely filing of settlements and status reports is necessary for the court to properly oversee the administration of cases and to reduce the possibility that errors, loss, theft, or misuse of funds will occur and go undetected.

Recommendation

The Public Administrator file annual settlements and status reports timely.

Auditee's Response

Since taking office on January 1, 2021, I have been very diligent filing all annual settlements and status reports timely.

**3. Prosecuting
Attorney's Controls
and Procedures**

The Prosecuting Attorney has not adequately segregated accounting duties or performed supervisory reviews of accounting records and transmittals. The Prosecuting Attorney's secretary is primarily responsible for receipting and recording payments received, and making transmittals or disbursements to the appropriate party. The Prosecuting Attorney indicated he performed a supervisory review of her work when she was first hired but stopped when he concluded she was successfully completing her duties. The office collected approximately \$33,000 in bad check and court-ordered restitution and fees during the year ended December 31, 2020.

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 transmitting payments received. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting records are essential.

¹ Due to the nature of the sample, the results of our test cannot be projected to the population.



Recommendation

The Prosecuting Attorney should segregate accounting duties or ensure adequate independent or supervisory reviews of accounting records are performed and documented.

Auditee's Response

We have already fully implemented the Auditor's recommendations.

4. Electronic Data Security

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

4.1 Passwords

The Prosecuting Attorney has not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees share passwords to access computers and are not required to change the passwords periodically and keep the passwords confidential, which increases the risk of a compromised password. The Prosecuting Attorney indicated the number of passwords they use along with often working during non-business hours makes it difficult to continuously change passwords and retain that information.

Passwords are required to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, since passwords are not required to be periodically changed or kept confidential, there is less assurance passwords are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique, confidential, and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

4.2 Data backups

Sheriff's office personnel do not back up computer data on a regular basis. As a result, some accounting records created from January 2020 to March 2020 were lost when an office computer failed in April 2020. The Sheriff indicated, as of March 2021, the office is purchasing a new server to allow for data backups going forward.

Preparation of backup data increases assurance data could be recovered if necessary. To help prevent loss of information and ensure essential information and computer systems can be recovered, computer data should be backed up periodically, tested on a regular basis, and stored at a secure off-site location.

Recommendations

The County Commission work with other county officials to:

- 4.1 Require confidential passwords to be periodically changed to prevent unauthorized access to county computers and data.



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- 4.2 Ensure computer data is backed up periodically and stored at a secure off-site location.

Auditee's Response

The County Commission provided the following responses:

- 4.1 *We will discuss with the Prosecuting Attorney changing passwords periodically.*

- 4.2 *We will discuss backing up to an offsite location periodically.*

The Prosecuting Attorney provided the following response:

- 4.1 *We only have enough money to have our monthly subscription Bounceback program for restitution payouts loaded on one desktop computer; and therefore, both secretaries need to know that computer's password. We comply with all Missouri Highway Patrol security recommendations including changing passwords for access to any secure M.U.L.E.S. databases. Our password protected desktop computers are behind a locked door and most employees are armed. We have one laptop computer used in Court; and therefore, both secretaries need to know that computer's password.*

5. Sunshine Law

The county's procedures for complying with the Sunshine Law need improvement.

5.1 Records request

The County Clerk does not maintain a log of public records requests to ensure all requests are handled in compliance with state law. While the Deputy County Clerk indicated a few requests occurred for 2020, the county did not maintain a log or other record of the requests to ensure all were handled in compliance with the Sunshine Law. The Deputy County Clerk indicated she was unaware of the need to formally track compliance with sunshine law requests.

Section 610.023, RSMo, provides each request for access to public records shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request is received. To ensure compliance with this law, a log tracking key information supporting the fulfillment process for the request is important. Such information includes, but is not limited to, the date of request, a brief description of the request, the date the request is completed or reason why the request cannot be completed, and any associated costs of filling the request.

5.2 Public access policy

The county has not adopted a written policy regarding public access to county records as required by state law. A written policy regarding public access to county records would establish guidelines for the county to make records available to the public. This policy should identify a person to contact,



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provide an address to mail such requests, and establish fees that may be assessed for providing copies of public records. The Deputy County Clerk indicated she was not aware the county needed a written policy.

Section 610.023, RSMo, lists requirements for making records available to the public. Section 610.026, RSMo, allows the county to charge fees for providing access to and/or copies of public records and provides requirements related to fees. Section 610.028, RSMo, requires a written policy regarding release of information under the Sunshine Law.

Recommendations

The County Commission:

- 5.1 Ensure a public request log is maintained to help ensure compliance with state law.
- 5.2 Develop a written public access policy.

Auditee's Response

- 5.1 *We are working on a log for public access requests.*
- 5.2 *We are developing a written public access policy.*

6. Electronic Communication Policy

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. County officials indicated they were not aware of the need for such a policy.

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.²

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 Commission work with other county officials to develop written records management and retention policies to address electronic

² 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 June 14, 2021.



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communications management and retention to comply with Missouri Secretary of State Records Services Division Electronic Communications Records Guidelines.

Auditee's Response

We are working on a communication policy.

Oregon County

Organization and Statistical Information

Oregon County is a county-organized, third-class county. The county seat is Alton.

Oregon 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 35 full-time employees and 20 part-time employees on December 31, 2020.

In addition, county operations include the Senate Bill 40 Board and Senior Citizens' Board.

Elected Officials

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

Officeholder	2021	2020
Patrick Ledgerwood, Presiding Commissioner	\$	27,080
Jason Kemper, Associate Commissioner		25,080
Jon Hollis, Associate Commissioner		25,080
Dawn Holman, Recorder of Deeds		38,000
Tracy J. Bridges, County Clerk		38,000
Justin Kelley, Prosecuting Attorney		45,000
Eric R. King, Sheriff		42,000
Linda Parrott, County Treasurer		38,000
Tom Clary, County Coroner		11,000
Mindy Lawrence, Public Administrator		38,000
Misty Hower, County Collector (1), year ended February 28,	40,416	
Charles Lon Alford, County Assessor, year ended August 31,		38,000
Scott Simer, County Surveyor (2)		

- (1) Includes \$2,616 of commissions earned for collecting city property taxes.
 (2) Compensation on a fee basis.