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Missouri State Auditor

Harrison County

Report No. 2021-110

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CITIZENS SUMMARY

Findings in the audit of Harrison County

Sheriff's Controls and Procedures	Procedures for receipting, recording, and depositing need improvement. Sheriff's office personnel do not prepare a monthly list of liabilities to reconcile to the available cash balance of the commissary account and bank reconciliations prepared for the commissary account are not adequate as the bank balance is not reconciled to the book balance. The Sheriff does not have adequate procedures to ensure an inmate's remaining account balance is refunded upon release. The Sheriff does not charge or collect sales tax on e-cigarettes and commissary items sold to inmates by the Sheriff's office instead of the commissary vendor, and no sales taxes are remitted to the Department of Revenue.
Ex Officio Recorder of Deeds' Liabilities	The Ex Officio Recorder of Deeds does not maintain an adequate list of liabilities.
Electronic Data Security	The Public Administrator and Sheriff have not established adequate password controls to reduce the risk of unauthorized access to computers and data.
Sunshine Law	The County Commission did not make specific reference to the section of law allowing the closure of County Commission meetings when voting to go into a closed session for 4 of the 9 closed meetings held from January 1, 2020, through September 15, 2021. Minutes of County Commission meetings do not always contain sufficient detail of actions taken.
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**.*

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*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.

Harrison County

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NICOLE GALLOWAY, CPA

Missouri State Auditor

County Commission
and
Officeholders of Harrison County

We have audited certain operations of Harrison 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:

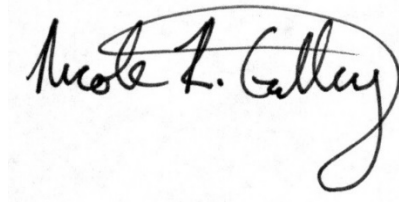
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 performing sample testing using haphazard and judgmental selection, as appropriate. The results of our sample testing cannot be projected to the entire populations from which the test items were selected. We obtained an understanding of internal control that is significant to the audit objectives and planned and performed procedures to assess 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 Harrison County.

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

Nicole R. Galloway, CPA
State Auditor

Harrison 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 money from inmates, paper service fees, concealed carry weapon permit fees, bonds, and other miscellaneous receipts totaling approximately \$204,000 during the year ended December 31, 2020.

1.1 Receipting, recording, and depositing

Procedures for receipting, recording, and depositing need improvement.

- The method of payment is not always indicated on receipt slips issued for the fee account. As a result, the composition of receipts cannot be reconciled to the composition of deposits. The receipt slips used do not have a designated section to indicate the method of payment. The Sheriff stated these receipt slips were left over from the prior administration, and when ordering new receipt slips, he will ensure a section is added to indicate the method of payment.
- Jail personnel do not use prenumbered bond forms, do not issue receipt slips for bond receipts paid in cash, and do not maintain a copy of the bond form. As a result, the Sheriff's Secretary cannot ensure all bonds received have been transmitted to her and handled properly. The Sheriff said these bond forms were from the prior administration, and when ordering new bond forms he will ensure they are prenumbered.
- Commissary receipts are not always deposited timely. Sheriff's office personnel generally only deposit commissary receipts once a month, and some receipts collected in 2020 were held for almost 2 months before being deposited. The Sheriff indicated office personnel usually prepare the commissary deposit at the same time they are performing other month-end procedures. The Sheriff did not think this issue was a significant risk because the receipts are located in the commissary kiosk, and the kiosk has a double lock.

Failure to implement adequate receipting, recording, and depositing procedures increases the risk that loss, theft, or misuse of money could occur and go undetected.

1.2 Commissary account liabilities and bank reconciliations

Sheriff's office personnel do not prepare a monthly list of liabilities to reconcile to the available cash balance of the commissary account and bank reconciliations prepared for the commissary account are not adequate as the bank balance is not reconciled to the book balance.

At our request, a report was obtained from the Sheriff's commissary vendor that identified liabilities totaling \$11,305 as of June 30, 2021. The vendor report identified the amounts owed to the vendor, the amount of net proceeds earned, and other liabilities; however, office personnel have not use this report when completing the monthly bank reconciliation. The Sheriff said office personnel did not know how to obtain the necessary reports from the



Harrison County Management Advisory Report - State Auditor's Findings

commissary vendor's system in order to compare the reconciled bank balance to a list of liabilities.

The June 30, 2021, reconciled bank balance prepared by office personnel totaled \$16,391, exceeding total liabilities by \$5,086. Office personnel contacted the commissary vendor for assistance regarding this difference. The commissary vendor identified the difference as additional outstanding checks that had not been identified on the bank reconciliation. Because the bank balance was not reconciled to the book balance, and a list of liabilities was not maintained and reconciled to the available cash balance, no one identified the error in the bank reconciliation.

Preparing monthly lists of liabilities and reconciling those lists to available cash balances is necessary to ensure money is available to satisfy all liabilities. Performing adequate monthly bank reconciliations helps ensure the accuracy of records and increases the likelihood errors will be identified. Differences identified need to be timely investigated and resolved.

1.3 Inactive inmate account balances

The Sheriff does not have adequate procedures to ensure an inmate's remaining account balance is refunded upon release. As of August 31, 2021, the Sheriff's office was holding \$1,210 for 138 former inmates in the commissary bank account, with the oldest balances dating back to 2013. These inmates were released from the county jail but did not claim their commissary account balance. Inmates who are released generally receive a debit card loaded with their remaining account balance. The Sheriff indicated he did not realize balances for released inmates still existed in the account and needed to be resolved.

Follow up on inactive accounts is necessary to ensure money is appropriately disbursed to the former inmates or as otherwise provided by state law. In addition, establishing procedures to refund an inmate's remaining balance upon release will allow the Sheriff to more adequately safeguard any money being held and reduce the risk of its loss, theft, or misuse.

1.4 Sales tax

The Sheriff does not charge or collect sales tax on e-cigarettes and commissary items sold to inmates by the Sheriff's office instead of the commissary vendor, and no sales taxes are remitted to the Department of Revenue (DOR). The Sheriff indicated he was not aware of this requirement.

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.



Harrison County
Management Advisory Report - State Auditor's Findings

Similar conditions
previously reported

A similar condition to section 1.1 was noted in our 2 prior audit reports. In addition, similar conditions to sections 1.2 and 1.3 were noted in our prior audit report.

Recommendations

The Sheriff:

- 1.1 Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of deposits. In addition, issue prenumbered bond forms or receipt slips for all bond receipts, and ensure bond forms are issued, retained, and accounted for properly. Also, ensure all receipts are deposited timely.
- 1.2 Prepare a monthly list of liabilities and reconcile the list to the available cash balance, and ensure adequate monthly bank reconciliations are prepared for the commissary account by reconciling the bank balance to the book balance. Any differences between accounting records and reconciliations should be promptly investigated and resolved.
- 1.3 Refund inmates their remaining balance upon release. In addition, the Sheriff should attempt to return unclaimed balances to the former inmates. If the payee cannot be located, the amount should be disbursed in accordance with state law.
- 1.4 Contact the DOR for guidance on establishing procedures for charging and collecting sales tax on items sold to inmates and ensure future sales tax collections are remitted to DOR.

Auditee's Response

- 1.1 *Entering the method of payment into the ledger book and receipt slips has been put into practice. When payment is received and entered, it is indicated whether it is cash, electronic (credit card) or check with the check number listed. As we move forward and supplies are reordered, an attempt will be made to purchase ledger sheets and receipt slips with a designated section for method of payment. The composition of receipts is now reconciled to the composition of deposits.*

Bond forms currently being used in the jail have been prenumbered by hand. When a bond is posted, the amount received is noted on the bond sheet that serves as the receipt slip for the defendant. When the bond is processed by the Secretary, a copy of the numbered bond sheet is made, retained by the Sheriff's office, and serves as record of the payment. Moving forward, prenumbered bond sheets will be ordered when current supplies run out.



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Management Advisory Report - State Auditor's Findings

Sheriff's office personnel now make weekly deposits of the commissary receipts upon the recommendations of the auditors.

- 1.2 *Using the commissary software along with the bank reconciliation on the back of the monthly bank statement, a list of liabilities comparable with the available cash balance is now printed and used to reconcile the commissary bank account. This is performed monthly.*
- 1.3 *As discussed during the field audit, inmates are issued a debit card when released from the jail facility or a paper check when released to another institution. The cost to activate a debit card issued upon release is \$2.99. Upon booking, an inmate has the opportunity to sign a waiver stating that anything under \$5.00 left in their commissary account will be donated to the Inmate Prisoner Detainee Fund upon their release. This office has started the process to attempt to return the balance of \$1,210 to any prior released inmate. Any monies that cannot be returned will be disbursed according to state law.*
- 1.4 *This office has been in contact with the commissary vendor who has created, within the software, the ability to accurately collect sales tax on e-cigarettes. We have started collecting sales tax that will be remitted to the Department of Revenue once an account has been set up.*

2. Ex Officio Recorder of Deeds' Liabilities

The Ex Officio Recorder of Deeds does not maintain an adequate list of liabilities. The office collected approximately \$65,000 for recording documents, such as marriage licenses and deeds, during the year ended December 31, 2020.

The bank reconciliation prepared by the Ex Officio Recorder of Deeds for December 2020 included activity through January 7, 2021. The reconciled bank balance totaled \$957, and included deposits in transit totaling \$876 for receipts collected in January 2021. The difference between the reconciled bank balance and the January 2021 receipts resulted in an unidentified balance (overage) of \$81. The Ex Officio Recorder of Deeds was completing the bank reconciliations through the date she received the bank statement instead of the bank statement ending date; as a result, she was not properly accounting for liabilities occurring after month end and did not realize an unidentified balance existed in the bank account.

Preparing adequate monthly lists of liabilities and reconciling the lists to cash balances is necessary to ensure accounting records are in balance, errors are detected and corrected timely, all amounts received are disbursed, and money is available to satisfy all liabilities. Differences identified need to be



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Management Advisory Report - State Auditor's Findings

adequately investigated and resolved. Various statutory provisions provide for the disposition of unidentified money.

Recommendation

The Ex Officio Recorder of Deeds prepare a monthly list of liabilities and reconcile the list to the available cash balance. 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

Implemented. We are now completing the monthly bank reconciliations to the bank statement ending date and ensuring that liabilities agree to the cash balance prior to any distributions for month end. We have researched and identified the \$81 and will ensure that it is properly disbursed.

3. Electronic Data Security

The Public Administrator and Sheriff have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees in these offices are not required to change passwords periodically. The County Commissioners indicated they were not aware these offices did not have this control in place. The Public Administrator and Sheriff said they do not believe having this control would effectively limit access to data files.

Passwords are required to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, since passwords in certain offices are not required to be periodically changed 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. Changing passwords periodically helps reduce the risk of a compromised password and unauthorized access to and use of computers and data.

A similar condition was noted in our prior audit report.

Recommendation

The County Commission work with other county officials to require passwords to be periodically changed to prevent unauthorized access to the county's computers and data.

Auditee's Response

The County Commission provided the following response:

The County Commission will schedule a meeting with the Sheriff and the Public Administrator to advise them of the importance of password updates.

The Public Administrator provided the following response:

It will be the policy of the Public Administrator's office to establish passwords for each computer in the office and will change them periodically.



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Management Advisory Report - State Auditor's Findings

The Sheriff provided the following response:

The Sheriff's office has been working with consulting firms to develop an updated policy and procedure manual for day to day operations. I will ensure that the new manual contains a policy regarding the changing of passwords on a regular basis to protect the integrity of digital information.

4. Sunshine Law

The county's procedures for complying with the Sunshine Law and maintaining minutes of meetings need improvement. The County Commission generally met 2 times a week during the year ended December 31, 2020.

4.1 Closed meetings

The County Commission did not make specific reference to the section of law allowing the closure of County Commission meetings when voting to go into a closed session for 4 of the 9 closed meetings held from January 1, 2020, through September 15, 2021. The County Commission and the County Clerk indicated they were not aware of this requirement.

Section 610.022, RSMo, requires public bodies announce the specific reasons allowed by law for going into a closed session and to enter the reason into the minutes. This section also limits discussion topics and actions in closed meetings to only those specifically announced prior to closure.

4.2 Meeting minutes

Minutes of County Commission meetings do not always contain sufficient detail of actions taken. Minutes reviewed from January 1, 2020, through September 15, 2021, included 31 instances where the County Commission signed contracts, made bid decisions, authorized purchases, authorized employee salary increases, or authorized the hiring of an employee, but the minutes did not indicate any votes taken on these actions. The County Clerk indicated she prepares meeting minutes in the same format as her predecessor.

Section 610.020.7, RSMo, requires minutes of meetings be maintained as a record of business conducted and to provide an official record of actions and decisions, including the date, time, place, members present, members absent, and a record of any votes taken. The minutes need to provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions made.

Recommendations

The County Commission:

- 4.1 Ensure the specific section of law allowing the meeting to be closed is announced publicly and recorded in the minutes when the County Commission holds a vote to close a meeting.
- 4.2 Ensure meeting minutes include all necessary information.



Harrison County
Management Advisory Report - State Auditor's Findings

Auditee's Response

4.1 *Before every meeting of the County Commission, a Notice of Meeting is posted with a tentative agenda; and, if there is a planned closed session, the reason for the closed session (including the statutory reference) is included in the Notice posted for the public to see. However, it is agreed, that although we noted we were entering into closed session in the minutes, we failed to specify the statutory reference in those minutes. Now that the County Commission and the County Clerk are aware of this requirement, we have made this change, and are adhering to the recommendation.*

4.2 *Past format for minutes has simply been to report the approval of the action by the County Commission, but admittedly, the minutes did not include any documentation of who voted yes or no, unless there was a division of the vote. Statements in the minutes that the County Commission approved an action included an assumption that all were in agreement. If they were not in agreement, it would have been so noted as to what the vote count specifically was, although not notating the identity of the members voting for, or against the action.*

This has been corrected per the current recommendation; and, therefore, a specific vote is being taken with identities of the member's vote now being recorded. Further, the template of the minutes has been altered to include that the meetings are held in the Office of the County Commission; whereas, until this recommendation was made, it had been an assumption that was where the meeting was being held, unless otherwise indicated in the minutes.

Harrison County

Organization and Statistical Information

Harrison County is a township-organized, third-class county. The county seat is Bethany.

Harrison County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. In addition to elected officials, the county employed 34 full-time employees and 4 part-time employees on December 31, 2020. The townships maintain county roads.

In addition, county operations include the Senior Citizens' Services Board, the Law Enforcement Restitution Fund Board, and 911 services.

Elected Officials

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

Officeholder	2021	2020
Jack W. Hodge, Presiding Commissioner	\$	27,832
Rick J. Smith, Associate Commissioner		25,080
Jim Holcomb, Associate Commissioner		25,080
C. Sherece Eivins, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Greta Bottcher, County Clerk		39,140
Johnathan L. Meyer, Prosecuting Attorney		46,350
Trevor Place, Sheriff (2)		34,139
Josh Eckerson, Sheriff (2)		7,524
Zach Wilson, County Coroner		11,000
Kimberly King, Public Administrator		38,000
Cheryl Coleman, County Collector-Treasurer, year ended March 31,	38,000	
Lila Mae Craig, County Assessor, year ended August 31,		38,000

(1) Compensation is paid by the state.

(2) Josh Eckerson served as Sheriff until he passed away on March 5, 2020. Trevor Place was appointed and took office on March 16, 2020.