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Missouri State Auditor

Lawrence County

Report No. 2021-120

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auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Lawrence County

County Collector's Controls and Procedures	Office personnel do not always issue receipt slips for duplicate tax receipt payments or deposit intact. Also, County Collector's office personnel do not always record the method of payment accurately in the property tax system and do not reconcile the composition of receipts (cash, check, money order, or debit/credit card) recorded in the property tax system to the composition of deposits. The County Collector does not prepare adequate bank reconciliations for the main bank account and does not prepare bank reconciliations for the partial payment bank account. In addition, the County Collector does not prepare monthly lists of liabilities for either bank account to reconcile to the available cash balances. The County Collector has not established procedures to routinely follow up on outstanding checks in the main bank account. Personal commissions received for the collection of city taxes are not reported to the Internal Revenue Service as employee compensation by the county.
Property Tax System	The County Clerk and/or County Commission did not review and approve outlawed 2010 personal property taxes totaling \$49,189 in March 2020, and outlawed 2011 personal property taxes totaling \$50,835 in March 2021. The County Collector's annual settlement for the year ended February 28, 2021, did not include 2010 taxes outlawed during the year, totaling \$49,189, resulting in the annual settlement being incomplete and inaccurate. The County Clerk does not have procedures in place to ensure aggregate abstracts are accurate.
Public Administrator's Controls and Procedures	The Public Administrator does not always file status reports or asset inventory reports in compliance with state law. The Public Administrator does not provide adequate supporting documentation to the court for the annual settlements or status reports of wards/estates, and does not always obtain court approval for large purchases. The Public Administrator has not adequately segregated accounting duties and does not perform documented supervisory reviews of detailed accounting and bank records.
Sheriff's Controls and Procedures	Sheriff's office personnel have not performed a physical inventory of seized property since November 2019. Sheriff's office personnel do not have proper controls and procedures in place to ensure all costs for boarding non-state prisoners are adequately billed to the prisoner upon release and pursued. Sheriff's office personnel did not retain records from the prior commissary system.
Personnel Policies	County officials do not always follow established written personnel policies.
Electronic Data Security	The County Assessor, County Collector, and Prosecuting Attorney have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Officials and employees in the offices of the County Assessor, County Collector, and Recorder of Deeds are not required to have a minimum number of characters in the passwords. In addition, the County Collector's employees share computers in the office and do not log off and log back on with their unique user identification and password when using the property tax system.

Electronic Communications Policy	The county has not developed certain electronic 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.
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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.
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In the areas audited, the overall performance of this entity was **Fair**.*

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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.

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NICOLE GALLOWAY, CPA **Missouri State Auditor**

County Commission
and
Officeholders of Lawrence County

We have audited certain operations of Lawrence 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:

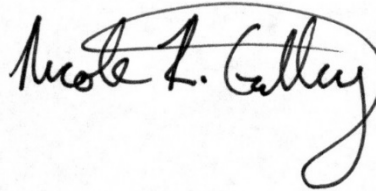
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 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 Lawrence 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 word "Galloway".

Nicole R. Galloway, CPA
State Auditor

Lawrence County Management Advisory Report State Auditor's Findings

1. County Collector's Controls and Procedures

Controls and procedures in the County Collector's office need improvement. The County Collector's office collected approximately \$30.3 million in property taxes and other receipts during the year ended February 28, 2021.

1.1 Receipting and recording

Office personnel do not always issue receipt slips for duplicate tax receipt payments or deposit intact. Also, office personnel do not always record the method of payment accurately in the property tax system and do not reconcile the composition of receipts (cash, check, money order, or debit/credit card) recorded in the property tax system to the composition of deposits.

We reviewed 10 daily deposits, 9 judgmentally selected from November 2020 and 1 related to our cash count performed on June 9, 2021.¹ Of the 10 deposits reviewed, we identified 6 deposits where the composition of receipts in the property tax system differed from the composition of the deposit. Differences were due to office personnel entering the incorrect method of payment into the property tax system, not recording all duplicate tax receipt payments received, and issuing cash refunds for overpayments made by check. Office personnel did not document any explanations for these differences on the daily collection reports.

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

1.2 Reconciliations and liabilities

The County Collector does not prepare adequate bank reconciliations for the main bank account and does not prepare bank reconciliations for the partial payment bank account. In addition, the County Collector does not prepare monthly lists of liabilities for either bank account to reconcile to the available cash balances.

While the County Collector identifies and reconciles outstanding checks to the main account bank balance, he does not have procedures to identify deposits in transit and reconcile them to the bank balance. The checkbook register balance of \$371,990 agreed to the reconciled bank balance for February 28, 2021. However, this amount was understated because deposits in transit totaling \$58,558 were not recorded in the checkbook register when the reconciliation was prepared. Adjusting the checkbook register balance and reconciled bank balance for these deposits resulted in an available cash balance of \$430,548. The County Collector indicated liabilities would consist of undistributed February collections and bank interest. However, these liabilities totaled \$402,164, resulting in an unidentified balance of \$28,384. The County Collector could not identify what additional liabilities were

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



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Management Advisory Report - State Auditor's Findings

included in this balance. The County Collector indicated he does not prepare a list of liabilities because he believes he is disbursing all of the money collected during the month.

Properly accounting for deposits in transit and performing adequate monthly bank reconciliations helps ensure accurate records are kept and increases the likelihood errors will be identified and corrected timely. Regular identification and comparison of liabilities to the available cash balance and investigation of any differences is necessary to ensure accounting records are in balance, all amounts received are disbursed, and money is available to satisfy all liabilities.

1.3 Outstanding checks

The County Collector has not established procedures to routinely follow up on outstanding checks in the main bank account. As of February 28, 2021, 19 checks totaling \$5,719 had been outstanding for over a year, with the oldest check dating back to 2013. On March 8, 2021, the County Collector disbursed \$4,002 related to 14 outstanding checks dated from 2013 to 2017 to the County Treasurer for deposit into General Revenue rather than submitting the funds to the State Treasurer's office Unclaimed Property as required by state law. The County Collector indicated he held onto the checks for this long because he thought they would eventually clear the bank. While the County Collector was aware of the requirement to send these checks to Unclaimed Property, he felt the county could better use these funds for county expenditures. The County Treasurer indicated she was unaware these funds related to outstanding checks until we inquired about them.

Procedures to routinely follow up on outstanding checks are necessary to prevent the accumulation of money in the account and ensure the checks are appropriately reissued to the payee or the money is disbursed as provided by state law. Section 447.532, RSMo, provides that any funds held by a political subdivision that remain unclaimed for more than 3 years should be turned over to the Missouri State Treasurer's Unclaimed Property Division.

1.4 City commissions

Personal commissions received for the collection of city taxes are not reported to the Internal Revenue Service (IRS) as employee compensation by the county. The County Collector has written agreements with 7 cities for property tax collection services that provide for him to withhold and personally retain a 3.75 percent commission on all city tax collections. The County Collector pays himself commissions for the collection of city taxes totaling about \$19,000 annually outside of the county payroll process. The County Collector indicated he previously communicated his interest in the commissions going through the county payroll process, but the County Commission did not want this because this compensation comes from the cities and not the county.



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Since the payments for commissions are not processed through the county payroll system, they have not been reported on the employee's W-2 forms, appropriate payroll taxes were not withheld, and the employer's share of payroll taxes is not paid. IRS regulations require individuals treated as employees to have all compensation reported on W-2 forms. To ensure all compensation is properly reported and taxed, all compensation should be paid through the normal county payroll process. The failure to properly report and tax all wages could result in penalty and interest charges assessed against the county.

Similar conditions
previously reported
Recommendations

Similar conditions to sections 1.1 and 1.2 were noted in our prior 2 audit reports.

The County Collector:

- 1.1 Issue receipt slips for all money received, record method of payment accurately, and reconcile the composition of receipts to the composition of deposits.
- 1.2 Ensure adequate monthly bank reconciliations are prepared accounting for outstanding checks, deposits in transit, and other reconciling items. In addition, the County Collector should prepare a monthly list of liabilities and reconcile the listing to the available cash balance. Any unreconciled differences should be promptly investigated and resolved.
- 1.3 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If payees cannot be located, the money should be disposed of in accordance with state law.
- 1.4 Work with the County Commission and County Clerk to ensure all compensation is paid through the county's normal payroll process, properly taxed, and reported to the IRS as employee compensation.

Auditee's Response

- 1.1 *The County Collector will look into methods to implement this recommendation.*
- 1.2 *The County Collector will look into this recommendation.*
- 1.3 *The County Collector will look into procedures to ensure compliance with state law.*
- 1.4 *The County Collector will work with the County Commission and County Clerk regarding this recommendation.*



2. Property Tax System

Controls and procedures over the property tax system need improvement.

2.1 Outlawed property taxes

The County Clerk and/or County Commission did not review and approve outlawed 2010 personal property taxes totaling \$49,189 in March 2020, and outlawed 2011 personal property taxes totaling \$50,835 in March 2021. As a result, outlawed property taxes, which constitute changes to the amount of taxes the County Collector is charged with collecting, were not monitored and errors or irregularities could have gone undetected. According to the County Collector, he makes a verbal request to the property tax system programmers each year, in March, to remove all the delinquent property taxes for a particular year from the system. However, he does not generate a detail report of taxes to be outlawed for the County Clerk or County Commission to approve before making the request to the system programmers. Instead, he tells the County Clerk which year's taxes were outlawed after the programmers make the deletions. He indicated he did not realize the importance of communicating the outlawed property taxes to the County Commission.

Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. If it is not feasible for the County Clerk to make corrections to the tax books, an independent reconciliation of approved outlawed property taxes to actual changes made to the property tax system would help to ensure changes are proper.

2.2 Accuracy of annual settlements

The County Collector's annual settlement for the year ended February 28, 2021, did not include 2010 taxes outlawed during the year, totaling \$49,189, resulting in the annual settlement being incomplete and inaccurate. The County Collector indicated outlawed property taxes are not included on the annual settlement because once the property taxes are outlawed, the property taxes are no longer included in the charges to be collected for the year. While the outlawed taxes were removed in March 2020, they were still on the delinquent tax books at March 1, 2020, and should have been included on the annual settlement.

Incomplete and/or inaccurate annual settlement information reduces the effectiveness of the settlement as a mechanism for accounting for all money the County Collector is charged with collecting.

2.3 Aggregate abstracts

The County Clerk does not have procedures in place to ensure aggregate abstracts are accurate.

- The County Clerk did not accurately prepare the 2020 land and personal property tax aggregate abstract. The December 2020 aggregate abstract



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Management Advisory Report - State Auditor's Findings

did not report the 2020 real estate tax increment financing and city miscellaneous taxes totaling \$14,172 that were included on the current real estate tax book generated by the County Collector's office. The County Clerk indicated these were new taxes levied for the county for fiscal year ended February 28, 2021, and she forgot to include them with the other amounts on the 2020 aggregate abstract.

- The County Clerk did not accurately prepare the 2019 and prior years back tax aggregate abstract. The total real estate taxes reported on the back tax aggregate abstract filed in April 2020 was understated by \$172,942 because it did not include various city back taxes. In addition, the total personal taxes reported on the back tax aggregate abstract filed in March 2021 was understated by \$50,835 because the County Clerk excluded property taxes outlawed in March 2021.

Section 137.295, RSMo, requires the County Clerk to prepare these reports and forward them to the Department of Revenue and State Tax Commission upon completion of delinquent tax books and upon assessment of current tax books. Failure to reconcile these reports to the current and delinquent tax books decreases the accuracy of the reports and what is charged to the County Collector to collect.

Recommendations

- 2.1 The County Clerk and County Commission ensure outlawed taxes are properly reviewed and approved.
- 2.2 The County Collector prepare complete and accurate annual settlements.
- 2.3 The County Clerk establish procedures to ensure tax aggregate abstracts are prepared accurately.

Auditee's Response

- 2.1 *The County Clerk and County Commission provided the following response:*

The County Clerk and County Commission will work with the County Collector to review and approve outlawed taxes.

The County Collector provided the following response:

The County Collector will work with the County Commission and County Clerk to implement the recommendation.

- 2.2 *The County Collector will implement this recommendation.*
- 2.3 *The County Clerk will review procedures in place and make adjustments to ensure accuracy in the future.*



3. Public Administrator's Controls and Procedures

Controls and procedures in the Public Administrator's office need improvement. The Public Administrator is the court-appointed personal representative for wards or decedent estates of the Circuit Court, Probate Division. The Public Administrator's office was responsible for the financial activity of 104 wards and estates as of December 31, 2020.

3.1 Status reports and asset inventory

The Public Administrator does not always file status reports or asset inventory reports in compliance with state law. We reviewed a judgmentally selected sample of 11 cases² with annual settlements or status reports due between January 2020 and June 2021.

For 3 of the 11 cases, the Public Administrator was required to file a status report; but the Public Administrator improperly filed a guardian's status report (no financial activity included) instead of a guardian and conservator status report (includes limited financial activity). The Public Administrator indicated she used the status report form supplied by the Circuit Court, Probate Division Clerk and did not realize she was using the wrong form until we brought it to her attention. The Probate Division Clerk indicated she knew of the other form, but did not communicate this to the Public Administrator.

In addition, for one of the cases requiring a status report, the Public Administrator did not file an asset inventory report with the Circuit Court, Probate Division after being appointed Guardian/Conservator for the ward. This inventory report, due June 26, 2020, has not been filed as of November 2, 2021. The Public Administrator indicated she had forgotten to file the inventory report with the court and that the court did not remind her she had not submitted it.

Sections 475.270.3 and 475.270.4, RSMo, require the Public Administrator, as conservator, to report annually, in a form prescribed by the court, the financial status and yearly activity of the ward or estate. Filing of the proper status report is necessary for the court to properly oversee the administration of cases and reduce the possibility that errors, loss, theft, or misuse of funds will go undetected. Section 475.145, RSMo, requires the Public Administrator, as conservator, to submit to the court an inventory and appraisal of all property of the ward within 30 days of appointment to conservator.

3.2 Supporting documentation and purchase approval

The Public Administrator does not provide adequate supporting documentation to the court for the annual settlements or status reports of wards/estates. In addition, the Public Administrator does not always obtain court approval for large purchases.

² Due to the nature of the sample, the results cannot be projected to the population.



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The Public Administrator submits the bank statements with the annual settlements, but the bank statements do not always contain copies of checks issued and no other financial information is filed with the status reports. The Public Administrator indicated the court does not require her to submit supporting documentation, such as invoices, when filing annual settlements or status reports. Also, the Public Administrator issued a \$1,915 check for the purchase of furniture for a ward without approval of the Circuit Judge, Probate Division. She indicated she had forgotten to obtain a court order authorizing the purchase of the furniture for the ward.

Without additional supporting documentation and without prior approval for large purchases, it is difficult for the court to assess the validity and reasonableness of costs charged to and paid by wards of the Public Administrator. It also increases the possibility that errors, loss, theft, or misuse of funds will occur and go undetected.

3.3 Segregation of duties

The Public Administrator has not adequately segregated accounting duties and does not perform documented supervisory reviews of detailed accounting and bank records. The Public Administrator's Deputy is responsible for receipting, recording, depositing money, preparing most disbursements, and reconciling the bank accounts. The Public Administrator indicated she reviews the monthly bank reconciliations; however, she does not document any reviews. In addition, the Public Administrator's signature stamp is not adequately controlled. The Deputy uses the signature stamp to make disbursements, but does not apply her initials next to the signature. The Deputy indicated she is the only one who uses the stamp so it is assumed to have been used by her.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, disbursing, and reconciling money. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting and bank records are essential. In addition, proper controls over the use of the signature stamp would reduce the possibility that loss, theft, or misuse of funds will go undetected.

Recommendations

The Public Administrator:

- 3.1 Ensure annual status reports and asset inventory reports are filed accurately and timely.
- 3.2 Submit adequate supporting documentation with annual settlements and status reports filed for wards/estates. In addition, obtain court approval prior to making large purchases.



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Auditee's Response

3.3 Segregate accounting duties or ensure documented independent or supervisory reviews of detailed accounting and bank records are performed. In addition, the Public Administrator should establish controls over the use of the signature stamp.

3.1 *To ensure I use the correct status report forms, I will ask court personnel every 6 months if there have been any changes in the annual status reports. To ensure I get the asset inventory reports turned in within a 30 day period, I will make a checklist to put into a folder to be placed in each new client's file, so that each item that needs to be done will get done in a timely manner.*

3.2 *I will submit supporting documentation with the annual settlements and status reports. I will also obtain a court order prior to making purchases over \$500.*

3.3 *I will perform documented reviews of detailed accounting and bank records, including each reconciliation, every month. I recently established procedures requiring the user to initial by the stamped signature.*

4. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The Sheriff's office processed receipts for civil paper service, concealed carry weapon permits, bonds, and other miscellaneous receipts totaling approximately \$107,700 during the year ended December 31, 2020.

4.1 Seized property

Sheriff's office personnel have not performed a physical inventory of seized property since November 2019. In addition, the Sheriff does not periodically review cases and dispose of related seized property items. The Evidence Custodian indicated they were performing spot checks of the seized property for a few months after the full physical inventory was performed, but stopped performing the checks as no concerns were identified.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the property. Complete and accurate inventory control records should be maintained, and periodic physical inventories performed with the results compared to inventory records to ensure seized property is accounted for properly. Section 542.301, RSMo, provides the requirements for the disposition of seized property that has not been forfeited or returned to the claimant.

A similar condition was noted in our prior audit report.

4.2 Prisoner boarding

Sheriff's office personnel do not have proper controls and procedures in place to ensure all costs for boarding non-state prisoners are adequately billed to



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the prisoner upon release and pursued. The Sheriff's office has software that tracks inmate time in jail and the costs involved in housing the inmates, but the Sheriff's office does not bill out those costs once an inmate is released. The Jail Administrator indicated board bills were billed through court costs until April 2019 when the Missouri Supreme Court ruled incarceration costs could not be included with court costs. He indicated the court is still responsible for billing/collecting costs for state prisoners, but this changed the responsibility for billing/collecting the costs for non-state prisoners to the Sheriff's office. The Sheriff indicated they do not have the personnel resources to perform continued attempts for collection of incarceration costs.

Procedures should be established to ensure all prisoner housing is properly billed and payments are received, recorded, and appropriately transmitted. Unpaid board bills should be monitored and appropriate follow-up action should be taken to ensure payment is properly received. Failure to bill and monitor unpaid amounts due may result in the costs of housing these prisoners resting solely on the county.

4.3 Record retention

Sheriff's office personnel did not retain records from the prior commissary system. The commissary vendor and system changed in June 2020, and the Sheriff's office personnel no longer have access to this system. The Sheriff and his Lieutenant indicated they attempted to create a copy of the records from the prior system when transitioning to the new vendor's system, but the prior vendor removed their access before they could create the copy. The Sheriff further indicated all reports generated during their monthly reviews were stored on the server owned by the prior vendor. After their access was denied, they requested records from the prior vendor, but the vendor did not supply them.

Retention of records is necessary to ensure the validity of transactions and provide an audit trail. 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. Record retention schedules can be found on the Secretary of State's website.³

Recommendations

The Sheriff:

- 4.1 Ensure a periodic inventory is conducted and reconciled to the seized property evidence log and investigate any differences.

³ <https://www.sos.mo.gov/archives/localrecs/schedules>



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Auditee's Response

- 4.2 Develop procedures to track, monitor, and pursue collection of costs for boarding non-state prisoners.
- 4.3 Retain all records in accordance with state law.
- 4.1 *We are currently in the process of performing a complete inventory and will conduct random checks throughout the year to ensure we are in compliance. Periodic inventories will be performed and reconciled to the seized property log going forward. Any differences will be investigated and resolved.*
- 4.2 *We are currently working with our jail management system provider to develop procedures to implement this recommendation.*
- 4.3 *In the future, we will ensure we retain copies of all records.*

5. Personnel Policies

County officials do not always follow established written personnel policies. We identified the following:

- The Sheriff approves employee requests to carry vacation leave balances past their anniversary dates, but does not obtain prior approval from the County Commission as required by county policy. In addition, the Sheriff does not always retain documentation of these approvals. The Sheriff indicated he did not think it was necessary to inform the County Commission or the County Clerk's office every time a request was made as the County Clerk's office reconciles the leave balances with him at least once per year and he can let them know then about approving the request. The County Clerk indicated she does reconcile the leave balances with the Sheriff's office to resolve the issues with leave carried forward or forfeited. While this reconciliation may resolve discrepancies in county leave records, it does not represent an approval of the County Commission as required by policy.
- Some county employees used vacation time before their compensatory time was exhausted. County policy requires compensatory time be used before vacation time. The Payroll Clerk indicated he relies on the department heads to enforce the policy. The County Clerk indicated employees choose to use their vacation time before their compensatory time because vacation time expires and compensatory time does not, and she does not enforce the county policy for this reason.

County policy, Article 9, Section 9.2.(a), requires unused vacation time be forfeited each year on the employee's anniversary date. Employees may not accrue additional vacation leave unless they have prior permission from the department head and the County Commission. County policies, Article 6, Section 6.4.(a) and Article 9, Section 9.1.(b), require compensatory time to



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be depleted before using vacation time. Written personnel policies and strict compliance with those policies are necessary to ensure equitable treatment of employees and prevent misunderstandings.

A similar condition was noted in our prior 3 audit reports.

Recommendation

The County Commission work with other county officials to ensure compliance with personnel policies and review and update personnel policies as necessary.

Auditee's Response

The County Commission provided a written response. See Appendix.

The County Clerk provided the following response:

The County Clerk will take this under advisement and look into a better procedure and possible policy change.

6. Electronic Data Security

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

The County Assessor, County Collector, and Prosecuting Attorney 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 to help ensure they remain known only to the assigned user. Officials and employees in the offices of the County Assessor, County Collector, and Recorder of Deeds are not required to have a minimum number of characters in the passwords. In addition, the County Collector's employees share computers in the office and do not log off and log back on with their unique user identification and password when using the property tax system. The County Assessor indicated if passwords had to be changed more frequently the passwords would be less secure as his staff would write down their passwords to reduce the risk of forgetting them. The County Collector indicated he and his staff do not change passwords, and they share user identification and passwords for simplicity. The Prosecuting Attorney indicated he did not realize the necessity to require his staff to change their passwords periodically until brought to his attention.

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 in certain offices and are shared by employees in one office, there is less assurance they are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential and changed



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periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

Recommendation

The County Commission work with other county officials to require confidential passwords for each employee that contain a minimum number of characters and are periodically changed to prevent unauthorized access to county computers and data.

Auditee's Response

The County Commission provided a written response. See Appendix.

7. Electronic Communication Policy

The county has not developed certain electronic 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. The elected officials indicated they were not aware of these requirements and did not recognize that business conducted on personal devices and accounts should also be retained as part of county records.

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.⁴

The County Commission can help ensure compliance with state law by developing written policies to address the use of personal email, social media and message accounts, and management and retention of electronic communications.

Recommendation

The County Commission work with the other county officials to 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 Commission provided a written response. See Appendix.

⁴ 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 August 26, 2021.

Lawrence County Organization and Statistical Information

Lawrence County is a county-organized, third-class county. The county seat is Mount Vernon.

Lawrence 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 84 full-time employees and 15 part-time employees on December 31, 2020.

In addition, county operations include the health department, Board for Developmentally Disabled, and the Senior Citizens Service 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
Bob Senninger, Presiding Commissioner	\$	36,096
Tim Selvey, Associate Commissioner		34,096
David Botts, Associate Commissioner		34,096
Pam Robertson, Recorder of Deeds (1)		7,277
Gary Emerson, Recorder of Deeds (1)		43,758
Tammy Riebe, County Clerk		51,661
Don Trotter, Prosecuting Attorney		143,487
Brad DeLay, Sheriff		58,181
Kathy S. Fairchild, County Treasurer		51,661
Scott Lakin, County Coroner		18,368
Janice Martin, Public Administrator		51,661
Kelli McVey, County Collector (2), year ended February 28,	70,974	
Doug Bowerman, County Assessor, year ended August 31,		51,661
Aaron Austin, County Surveyor (3)		

- (1) Gary Emerson passed away in November 2020. Pam Robertson served as interim Recorder of Deeds until she was appointed as the Recorder of Deeds effective January 1, 2021.
- (2) Includes \$19,141 of commissions earned for collecting city property taxes.
- (3) Compensation on a fee basis.

Appendix

Lawrence County

County Commission's Response



LAWRENCE COUNTY COMMISSION

1 Courthouse Square Suite 101
MT. VERNON, MISSOURI 65712
Phone: (417) 466-3666 • Fax: (417) 466-4348



DAVID BOTTS
COMMISSIONER WESTERN DISTRICT

BOB SENNINGER
PRESIDING COMMISSIONER

TIM SELVEY
COMMISSIONER EASTERN DISTRICT

November 18, 2021

Dear Ms. Whitis:

Thank you for your thorough audit of the Lawrence County government. The items specifically directed to the County Commission; findings 2.1, 5, 6, and 7, will be thoughtfully examined. The recommendations offered by you and your colleagues will be taken under advisement as we are currently revising and creating an updated employee handbook and policy manual with the assistance of Lexipol. Lexipol is a consulting service specializing in comprehensive risk management, policy and personnel manuals and training for public safety and local governments.

We will add your concerns and recommendations to the list of items to consider as we work on our updated manual.

Sincerely,

Bob Senninger
Presiding Commissioner
Lawrence County