



Nicole Galloway, CPA

Missouri State Auditor

Caldwell County

Report No. 2021-134

December 2021

auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Caldwell County

| | |
|--|--|
| Detention Center's Controls and Procedures | The Sheriff does not ensure detention center personnel timely disburse net proceeds earned from operating the commissary to the County Collector-Treasurer, as required by state law. In addition, the Sheriff has not established procedures to routinely follow up on outstanding checks for the detention center account. |
| Electronic Communication Policies | The county has not developed records management and retention policies in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. |
| 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.

Caldwell County

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NICOLE GALLOWAY, CPA

Missouri State Auditor

County Commission
and
Officeholders of Caldwell County

We have audited certain operations of Caldwell 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:

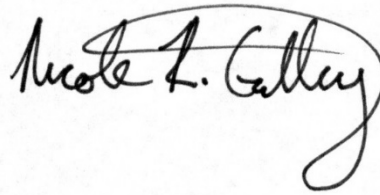
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 Caldwell 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

Caldwell County

Management Advisory Report

State Auditor's Findings

1. Detention Center's Controls and Procedures

Controls and procedures at the detention center need improvement. Commissary bank account deposits totaled approximately \$790,000 during the year ended December 31, 2020.

1.1 Disbursements

The Sheriff does not ensure detention center personnel timely disburse net proceeds earned from operating the commissary to the County Collector-Treasurer, as required by state law. During 2020, detention center personnel disbursed commissary net proceeds totaling \$287,197 to the County Collector-Treasurer.

The disbursement of monthly net proceeds was not performed timely and averaged approximately 75 days after the end of each month. For example, October, November, and December 2019 net proceeds were not disbursed until March 2020 and April, May, and June 2020 net proceeds were not disbursed until August 2020. In addition, the February 2020 net proceeds check was dated May 14, 2020, but was not received by the County Collector-Treasurer until June 17, 2020. The Financial Officer indicated disbursements of net proceeds was several months behind when she started employment in August 2019, and it has taken time to catch up while also keeping up with the current workload.

To reduce the risk of loss, theft, or misuse of funds, commissary net proceeds should be disbursed to the County Collector-Treasurer monthly. Section 50.370, RSMo, requires county officials to turn over all fees to the County Collector-Treasurer monthly. Section 221.102, RSMo, requires each county jail to keep revenues from its commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (net proceeds) of the commissary account into the county Inmate Prisoner Detainee Security Fund held by the County Collector-Treasurer.

A similar finding was noted in our prior audit.

1.2 Outstanding checks

The Sheriff has not established procedures to routinely follow up on outstanding checks for the detention center account. As of December 31, 2020, 147 checks totaling \$987 had been outstanding for more than a year with 47 checks totaling \$232 outstanding for more than 2 years. Detention center personnel indicated due to the number of old outstanding checks and their other duties in the office, they have not had time to follow up on these checks.

Procedures to routinely follow up on outstanding checks are necessary to prevent the accumulation of money in the account and ensure money is appropriately disbursed to the payee or as otherwise provided by state law.



Recommendations

The Sheriff:

- 1.1 Ensure existing and future commissary net proceeds not necessary to meet cash flow needs or current operating expenses are disbursed timely to the County Collector-Treasurer for deposit into the Inmate Prisoner Detainee Security Fund.
- 1.2 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.

Auditee's Response

- 1.1 *I agree and detention center personnel are now disbursing this money timely.*
- 1.2 *I agree and will work with detention center personnel to develop procedures for investigating old outstanding checks and disbursing them to the appropriate party.*

2. Electronic Communication Policies

The county has not developed records management and retention policies in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms.

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.¹

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 communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

¹ Missouri Secretary of State Records Services Division, *Electronic Communications Records Guidelines for Missouri Government*, May 14, 2019, is available at <<https://www.sos.mo.gov/CMSImages/LocalRecords/CommunicationsGuidelines.pdf>>, accessed October 18, 2021.



Caldwell County
Management Advisory Report - State Auditor's Findings

Auditee's Response

We agree and will work with other county officials to develop written records management and retention policies related to electronic communications.

Caldwell County

Organization and Statistical Information

Caldwell County is a township-organized, third-class county. The county seat is Kingston.

Caldwell 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 81 full-time employees and 13 part-time employees on December 31, 2020. The townships maintain county roads.

In addition, county operations include the Little Otter Creek Board (a watershed project 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 |
|--|--------|---------|
| C.R. (Bud) Motsinger, Presiding Commissioner | \$ | 31,159 |
| Rex J. Hibler, Associate Commissioner | | 29,039 |
| Jonathan Abbott, Associate Commissioner | | 29,039 |
| Julie Hill, Recorder of Deeds | | 43,469 |
| Christine Owen, County Clerk (1) | | 46,069 |
| Brady C. Kopek, Prosecuting Attorney | | 143,388 |
| Jerry Galloway, Sheriff | | 47,715 |
| Dana Brown, County Coroner | | 13,756 |
| Richard Lee, Public Administrator | | 26,530 |
| June Grooms, County Collector-Treasurer (2), year ended March 31, | 50,368 | |
| Beverly Alden, County Assessor, year ended August 31, | | 42,828 |

- (1) Includes \$2,600 in commissions earned for preparing city property tax books.
- (2) Includes \$6,501 of commissions earned for collecting city property taxes.