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Missouri State Auditor

Worth County

Report No. 2022-030

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auditor.mo.gov



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Worth County

Prosecuting Attorney's Controls and Procedures	The Prosecuting Attorney does not issue receipt slips for all money received. The Prosecuting Attorney's spreadsheets sent to victims and defendants showing current restitution accounts receivable balances are not always accurate.
Recorder of Deeds' Controls and Procedures	The Recorder of Deeds has not established proper procedures for receipting and recording money received, and does not perform adequate bank reconciliations and does not prepare a monthly list of liabilities.
Sheriff's Seized Property	A complete and accurate seized property evidence log has not been maintained and a physical inventory of seized property has not been performed since the Sheriff took office in January 2021.
Electronic Data Security	The County Collector, Recorder of Deeds, and Sheriff have not established adequate passwords controls to reduce the risk of unauthorized access to computers and data. The County Collector, County Clerk, County Treasurer, Recorder of Deeds, and Sheriff do not have security controls in place to lock computers after a specified number of incorrect logon attempts.
Electronic Communication Policy	The county has not developed a records management and retention policy 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.

Worth County

Table of Contents

State Auditor's Report	2
------------------------	---

Management Advisory Report - State Auditor's Findings	1. Prosecuting Attorney's Controls and Procedures4 2. Recorder of Deeds' Controls and Procedures5 3. Sheriff's Seized Property6 4. Electronic Data Security.....7 5. Electronic Communication Policy.....8
---	--

Organization and Statistical Information	9
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NICOLE GALLOWAY, CPA

Missouri State Auditor

County Commission
and
Officeholders of Worth County

We have audited certain operations of Worth 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, 2021. The objectives of our audit were to:

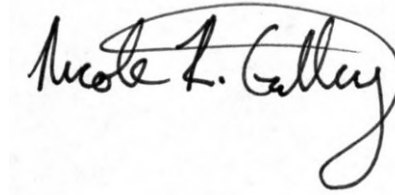
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 control, (2) no significant 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 Worth County.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is written in a cursive style with a large, looping "G" at the end.

Nicole R. Galloway, CPA
State Auditor

Worth County Management Advisory Report State Auditor's Findings

1. Prosecuting Attorney's Controls and Procedures

Controls and procedures in the Prosecuting Attorney's office need improvement. The office collected approximately \$46,300 in bad check and court-ordered restitution and fees during the year ended December 31, 2021.

1.1 Receipting

The Prosecuting Attorney does not issue receipt slips for all money received. During our review of March 2021 collections, we noted 2 instances where receipt slips were not issued and one instance where the receipt slip was issued late.

The Administrative Assistant indicated she did not issue a receipt slip in one instance due to unusual circumstances. A defendant paid cash to a court directly, and the court then sent the money to the Prosecuting Attorney's office. For the other instance with no receipt slip, the defendant mailed in a payment and the Administrative Assistant stated she usually issues receipt slips for money received in the mail, but does not know why this payment was not receipted. She stated for the receipt slip issued late, she forgot to issue a receipt slip and it was subsequently issued after a review by the Prosecuting Attorney.

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

A similar condition was noted in our prior audit report.

1.2 Accounts receivable

The Prosecuting Attorney's spreadsheets sent to victims and defendants showing current restitution accounts receivable balances are not always accurate. For the payments received on 6 restitution cases in March 2021, incorrect balances were noted for 2 of the cases. The Administrative Assistant indicated the inaccurate balances were due to clerical error and improper use of accounting software.

Accurate restitution balances would allow office personnel to more easily review amounts due, take appropriate steps to ensure collection, and determine if any amounts are uncollectible.

Recommendations

The Prosecuting Attorney:

1.1 Issue receipt slips for all money immediately upon receipt.

1.2 Establish procedures to record accounts receivables accurately.

Auditee's Response

We agree with these findings and are implementing the recommendations.



Worth County
Management Advisory Report - State Auditor's Findings

2. Recorder of Deeds' Controls and Procedures

Controls and procedures in the Recorder of Deeds' office need improvement. The office collected approximately \$17,000 for marriage licenses, deeds, and other miscellaneous receipts during the year ended December 31, 2021.

2.1 Receipting and recording

The Recorder of Deeds has not established proper procedures for receipting and recording money received.

- The Recorder of Deeds does not always issue receipt slips for money received immediately upon receipt. During our cash count on January 18, 2022, we identified \$27 in cash that was not receipted. The Recorder of Deeds indicated the money was brought in earlier that day from an individual who did not bring in the deed to be recorded and the individual was supposed to bring the deed back and a receipt slip would be issued at that time. A receipt slip was subsequently issued the next day.
- The Recorder of Deeds does not issue receipt slips or maintain a log for copy money received. The County Treasurer keeps a log of copy money that is transmitted by the Recorder. The County Treasurer's records indicated \$741 was transmitted by the Recorder of Deeds for copies in 2021. The Recorder of Deeds indicated that she did not think it was necessary to issue receipt slips or keep a log because the County Treasurer keeps a log and sometimes copy money is put into the donation can when she is doing other work and is not aware of it.

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

2.2 Bank reconciliations and list of liabilities

The Recorder of Deeds does not perform adequate bank reconciliations and does not prepare a monthly list of liabilities. As a result, there is an unidentified balance of \$159.

We performed a bank reconciliation as of December 31, 2021, and determined the reconciled bank balance was \$558. The receipts for December subsequently paid out in January totaled \$399, resulting in an overage of \$159. The Recorder of Deeds did not think that a full bank reconciliation and list of liabilities were necessary because she checks to make sure her monthly disbursements agree to her monthly receipts and thought all liabilities were paid out each month.

Performing adequate monthly bank reconciliations increases the likelihood errors will be identified and corrected timely. Regular identification and comparison of liabilities to the reconciled bank balance is necessary to ensure accounting records are in balance, all amounts received are disbursed, and money is available to satisfy all liabilities. Differences should be investigated



Worth County
Management Advisory Report - State Auditor's Findings

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

Recommendations

The Recorder of Deeds:

- 2.1 Issue receipt slips for all money received upon receipt. In addition, maintain a log of copy money and reconcile it to the money transmitted to the County Treasurer.
- 2.2 Prepare adequate monthly bank reconciliations and lists of liabilities and reconcile the list of liabilities to the available cash balance. Any differences should be promptly investigated and resolved. In addition, if any money remains unidentified it should be disbursed in accordance with state law.

Auditee's Response

- 2.1 *It is a rare occurrence for my office to receive money without a deed. In the future, we will not accept money without a deed and will always issue receipt slips. We will also keep a log of copy money and use the log when turning the money over to the County Treasurer.*
- 2.2 *We will take this into consideration and implement the recommendation. We will investigate the differences.*

3. Sheriff's Seized Property

The Sheriff's office has not established adequate controls and procedures over seized property. A complete and accurate seized property evidence log has not been maintained and a physical inventory of seized property has not been performed since the Sheriff took office in January 2021.

A seized property evidence log is used to track seized property in the evidence room. We haphazardly selected 7 items from the evidence room to ensure they were on the log and the Sheriff could not locate 2 out of 7 items on the log (a dash camera and a bag of various seized items including a chainsaw). The Sheriff indicated there were other items in the room that are not on the log. The Sheriff also indicated that due to limited time and staff the log had not been updated and an inventory of seized property had not been performed.

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. Maintaining complete and accurate inventory control records and performing periodic physical inventories with the results compared to inventory records is necessary to ensure seized property is accounted for properly.

Recommendation

The Sheriff maintain a complete and accurate seized property evidence log, ensure a periodic inventory is conducted and reconciled to the seized property evidence log, and investigate any differences.



Worth County
Management Advisory Report - State Auditor's Findings

Auditee's Response

We agree with this finding and have started to implement this recommendation.

4. Electronic Data Security

4.1 Passwords

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 Collector, Recorder of Deeds, and Sheriff have not established adequate passwords controls to reduce the risk of unauthorized access to computers and data. Employees in these offices are not required to change passwords periodically. In addition, the County Collector does not require a password for one of the office's computers. Each official indicated they did not know passwords needed to be changed regularly as the security for their computers is handled by the county's computer vendor. The County Collector added she did not believe a password was needed on all computers, as the only information contained on the one computer without a password is public information.

Passwords are necessary to authenticate access to computers; without a password, an unauthorized user could delete and/or manipulate data, causing inaccuracies when preparing settlements and other reports. The security of computer passwords is dependent upon keeping them confidential. However, since passwords are not periodically changed in certain offices, 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 changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

4.2 Security controls

The County Collector, County Clerk, County Treasurer, Recorder of Deeds, and Sheriff do not have security controls in place to lock computers after a specified number of incorrect logon attempts. The officials indicated they did not know computers should be locked after a certain number of incorrect logon attempts, as the security for their computers is handled by the county's computer vendor.

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



Worth County
Management Advisory Report - State Auditor's Findings

Recommendations

The County Commission work with other county officials to:

- 4.1 Require passwords for all computers and employees and require the passwords be periodically changed to prevent unauthorized access to the county's computers and data.
- 4.2 Require county computers have security controls in place to lock each computer after a specified number of incorrect logon attempts.

Auditee's Response

We will take these recommendations into consideration and implement the recommendations.

5. Electronic Communication Policy

The county has not developed a records management and retention policy 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 a written policy 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. The County Commission indicated it was unaware of the electronic communications record retention requirements and guidelines.

Recommendation

The County Commission work with other county officials to develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

Auditee's Response

We will take this into consideration and implement the recommendation.

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 April 21, 2022.

Worth County

Organization and Statistical Information

Worth County is a county-organized, third-class county. The county seat is Grant City.

Worth 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 11 full-time employees and one part-time employee on December 31, 2021.

In addition, county operations include a Senior Citizen Services Board.

Elected Officials

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

Officeholder	2022	2021
Jubal Summers, Presiding Commissioner	\$	25,242
Regan Nonneman, Associate Commissioner		23,884
Tyler Paxson, Associate Commissioner		23,884
Barbara Foland, Recorder of Deeds		34,627
Roberta Owens, County Clerk		34,627
Janet Wake Larison, Prosecuting Attorney		44,574
Scott Sherer, Sheriff		44,387
Linda L. Brown, County Treasurer		34,627
Sharon Supinger, County Coroner		10,582
Patsy A. Worthington, Public Administrator		11,109
Julie Tracy, County Collector, year ended February 28,	34,627	
Carolyn J. Hardy, County Assessor, year ended August 31,		34,291