

The seal of the Missouri State Auditor is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "JUSTICE WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom. The background of the entire page is a faded image of the Missouri State Capitol building.

Nicole Galloway, CPA

Missouri State Auditor

Perry County

Report No. 2022-097

November 2022

auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Perry County

Sheriff's Controls and Procedures	The Sheriff has not adequately segregated accounting duties or performed adequate supervisory reviews of detailed accounting records, and does not disburse commissary net proceeds to the County Treasurer for deposit into the Inmate Prisoner Detainee Security Fund as required by state law. Sheriff's office personnel do not prepare adequate bank reconciliations and a monthly list of liabilities for the commissary account. The Sheriff does not properly reconcile fuel used to fuel purchased, and does not document his review of fuel usage reports.
County Collector's Tax Maintenance Fund	The County Collector improperly reimbursed himself \$1,480 from the Tax Maintenance Fund for expenses not in compliance with uses allowed by state law, and invoices were not maintained to support the reimbursements.
Public Administrator's Controls and Procedures	The Public Administrator has maintained possession of a deceased ward's property. Office personnel do not issue receipt slips for checks received and do not always document checks received on the receipt log. Some checks and money orders are not restrictively endorsed until the weekly deposit is prepared.
Budgets and Financial Reporting	The County Clerk failed to submit a certified copy of the 2022 and 2021 county budgets to the State Auditor's Office in accordance with state law. Neither the County Commission nor the County Clerk submitted proof of publication of the county's financial statements for the years ended December 31, 2021, and 2020, to the State Auditor's Office as required by state law.
Electronic Data Security	The Sheriff has not established adequate password controls to reduce the risk of unauthorized access to computers and data.
Electronic Communications 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 **Fair**.*

*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.

Perry County

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NICOLE GALLOWAY, CPA

Missouri State Auditor

County Commission
and
Officeholders of Perry County

We have audited certain operations of Perry 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:

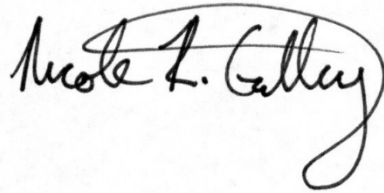
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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) 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 Perry County.

A handwritten signature in black ink, reading "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

Perry 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 for civil paper service, bonds, housing prisoners, and other miscellaneous receipts totaling approximately \$289,000 during the year ended December 31, 2021.

1.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties or performed adequate supervisory reviews of detailed accounting records. The Sheriff's assistant is primarily responsible for receipting, recording, and depositing receipts; making disbursements; reconciling bank accounts; billing for paper services and board bills; and receiving and transmitting the associated payments collected. The Sheriff documents his review of the monthly bank reconciliations; however, the only other records the Sheriff reviews are occasional deposits. The Sheriff's assistant indicated the office is short-staffed so she performs all the procedures and the Sheriff is not always available to review deposits or other records.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, and depositing receipts; making disbursements; reconciling bank accounts; billing; and receiving and transmitting the associated payments collected. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting and bank records are essential and should include comparing daily receipts to deposits.

1.2 Commissary net proceeds

The Sheriff's office does not disburse commissary net proceeds to the County Treasurer for deposit into the Inmate Prisoner Detainee Security Fund as required by state law.

All commissary net proceeds from the commissary sales and commissions received from the commissary vendors are retained with the inmate money in the inmate bank account. Any amount in the bank account exceeding the inmate money balance is considered commissary net proceeds and totaled approximately \$32,300 as of December 31, 2021. The Sheriff's assistant indicated she does not know how to run a system report showing the amount of net proceeds in the account, so she has not disbursed any of this money to the Treasurer.

To reduce the risk of loss, theft, or misuse of funds, commissary net proceeds should be disbursed to the County Treasurer monthly. Section 50.370, RSMo, requires county officials to turn over all fees to the County 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



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Management Advisory Report - State Auditor's Findings

remaining funds (net proceeds) into the county Inmate Prisoner Detainee Security Fund held by the County Treasurer.

1.3 Commissary bank reconciliations and liabilities

Sheriff's office personnel do not prepare adequate bank reconciliations and a monthly list of liabilities for the commissary account.

The December 31, 2021, reconciled bank balance per the bank reconciliation totaled \$203,122, but the book balance was \$203,454, resulting in a shortage of \$332 in the account. The account has been short this amount since January 2021. Because the bank reconciliation prepared did not agree to the book balance, and a list of liabilities was not maintained and reconciled to the available cash balance, the shortage in the account was not identified. The Sheriff's assistant prepares a reconciliation to ensure issued checks have cleared the bank account; however, she is not ensuring the book balance agrees to the reconciled bank balance.

Preparing adequate monthly bank reconciliations and monthly lists of liabilities helps ensure receipts and disbursements have been properly handled and recorded, and increases the likelihood errors will be identified and corrected timely. Regular identification of liabilities 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 adequately investigated and resolved.

1.4 Fuel reconciliation

The Sheriff does not properly reconcile fuel used to fuel purchased, and does not document his review of fuel usage reports. Deputies fuel patrol cars using a bulk fuel tank and fuel cards. The fuel tank is monitored by video camera; however, the tank is easily accessible and unlocked, and the pump is always turned on. The Sheriff indicated he reviews the monthly fuel usage reports, but he does not document this review. During the year ended December 31, 2021, the Sheriff's office spent approximately \$66,000 on fuel for 26 vehicles. During our previous 2 audits, the Sheriff indicated the department would implement better controls to monitor fuel usage; however, this has not happened and now the Sheriff's office is no longer tracking fuel purchased using the fuel cards. The Sheriff could not provide a reason why changes were not made to better monitor fuel purchased and used.

Procedures for reconciling fuel used to fuel purchased and documenting reviews of fuel usage reports are necessary to ensure vehicles are properly utilized and decrease the risk of loss, theft, or misuse of fuel going undetected.

Similar conditions previously reported

Similar conditions to sections 1.2 and 1.4 were noted in our 2 prior audit reports.



Recommendations

The Sheriff:

- 1.1 Segregate accounting duties or ensure adequate independent or supervisory reviews of detailed accounting and bank records are performed and documented.
- 1.2 Ensure existing and future commissary net proceeds not necessary to meet cash flow needs or current operating expenses are disbursed timely to the County Treasurer for deposit into the Inmate Prisoner Detainee Security Fund.
- 1.3 Ensure adequate monthly bank reconciliations and lists of liabilities are prepared and reconciled timely. Any differences between accounting records and reconciliations should be promptly investigated and resolved.
- 1.4 Establish procedures to reconcile fuel used to fuel purchased and document the review of fuel usage reports. Any significant discrepancies should be promptly investigated.

Auditee's Response

We will attempt to implement the recommendations. We will also pass these recommendations on to the new Sheriff, who starts on October 1, 2022.

2. County Collector's Tax Maintenance Fund

The County Collector improperly reimbursed himself \$1,480 from the Tax Maintenance Fund (TMF) for expenses not in compliance with uses allowed by state law, and invoices were not maintained to support the reimbursements.

The reimbursements to the County Collector totaled \$1,480 for television service for all the offices in the county administration building for the year ended February 28, 2022. No supporting documentation was maintained for these reimbursements, which occurred quarterly. The County Collector indicated he has paid for the expenses for several years and did not know it was a problem.

Section 52.315, RSMo, requires TMF money to be expended for additional administration and operation costs of the County Collector's office. Because television service is primarily personal and not related to costs or expenses incurred in the office of the County Collector, the disbursements are not an appropriate use of TMF money. In addition, to ensure the reimbursements are valid and proper, adequate supporting documentation should be maintained.

Recommendation

The County Collector ensure future disbursements from the TMF are in compliance with statutory provisions and supporting documentation is maintained. In addition, the County Collector should reimburse the TMF account for the improper purchases.



Auditee's Response

I will consider the recommendation. In early 2022 we stopped providing television services for the county administration building.

3. Public Administrator's Controls and Procedures

Controls and procedures related to property listings, and receipting and recording 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 87 wards and estates as of December 31, 2021.

3.1 Deceased ward's property

The Public Administrator has maintained possession of a deceased ward's property. The ward died in 2019 and two trail cameras, batteries, and SD cards along with related set-up expenses were purchased during August 2020 using the ward's checking account for approximately \$250.

According to the Public Administrator, the cameras were purchased due to suspicious activity on the ward's property. The cameras, batteries, and SD cards have been stored in the Public Administrator's office even after the ward's real estate properties were auctioned. The cameras, batteries, and SD cards are the property of the ward's estate and should be timely distributed to the ward's estate. The Public Administrator indicated she did not give these items to the ward's estate because she forgot about them.

Section 475.130, RSMo, requires the Public Administrator, as conservator, to protect, preserve, and manage the estate; perform all duties required by law; and deliver the assets to the persons entitled to them.

3.2 Receipting and recording

Office personnel do not issue receipt slips for checks received in the office and do not always document checks received on the receipt log. In addition, a cash count performed on April 28, 2022, totaling \$24,748, identified 17 checks and 1 money order, totaling \$9,981, that were not restrictively endorsed. Some checks and money orders are not endorsed until the weekly deposit is prepared.

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.

Recommendations

The Public Administrator:

- 3.1 Ensure all ward assets are properly distributed to wards' heirs timely.
- 3.2 Issue prenumbered receipt slips for all money received, and ensure all checks are recorded in the receipt log. In addition, the Public Administrator should ensure checks and money orders are restrictively endorsed at the time of receipt.



Auditee's Response

- 3.1 *We plan to sell the assets and put the proceeds back into the estate.*
- 3.2 *We will implement the recommendation.*

4. Budgets and Financial Reporting

Procedures related to budgets and financial reporting need improvement.

4.1 Budgets

The County Clerk failed to submit a certified copy of the 2022 and 2021 county budgets to the State Auditor's Office (SAO) in accordance with state law. The County Clerk indicated he thought he submitted the budgets.

Section 50.740.2, RSMo, requires the county clerk to file a certified copy of the budget with the State Auditor within 5 days of approval.

4.2 Financial reporting

Neither the County Commission nor the County Clerk submitted proof of publication of the county's financial statements for the years ended December 31, 2021, and 2020, to the SAO as required by state law. The County Clerk indicated he always publishes the financial statements late and simply forgot to submit to the SAO.

Section 50.810, RSMo,¹ requires filing of proof of publication of the county's financial statements with the State Auditor by April 1st of each year. Section 50.810.3, RSMo, states the county treasurer shall not pay any county commissioner until notice is received from the State Auditor that the required proof of publication has been filed. The County Commissioners have continued to receive payment of compensation as of August 15, 2022.

Recommendations

- 4.1 The County Clerk submit a certified copy of the county budget to the State Auditor within 5 days of approval as required by state law.
- 4.2 The County Commission submit proof of publication of the county's financial statements to the State Auditor's Office or discontinue payments to the County Commission until proof of publication of the county's financial statements are submitted in accordance with state law.

¹ Effective August 28, 2022, Section 50.810, RSMo, has been repealed. The requirement to file proof of publication has been moved to Section 50.820, RSMo. Additionally, under revised Section 50.815, RSMo, publication must occur before June 30 each year.



Auditee's Response

The County Clerk provided the following response:

4.1 *I will implement the recommendation.*

The County Commission provided the following response:

4.2 *We will implement the recommendation.*

5. Electronic Data Security

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

As noted in our prior 2 audit reports, the Sheriff has not established adequate password controls to reduce the risk of unauthorized access to computers and data. The Sheriff's office is not required to change passwords periodically. The Sheriff indicated he believes there has not been a need to address this issue.

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, there is less assurance the office is effectively limiting access to computer and data files. Passwords should be unique, confidential, and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

Recommendation

The Sheriff require confidential passwords that are periodically changed to prevent unauthorized access to county computers and data.

Auditee's Response

We will attempt to implement the recommendation. We will also pass this recommendation on to the new Sheriff, who starts on October 1, 2022.

6. Electronic Communications 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



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Management Advisory Report - State Auditor's Findings

records. The guidelines for managing electronic communications records can be found on the Secretary of State's website.²

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 implement the recommendation.

² Missouri Secretary of State Records Services Division, *Electronic Communications Records Guidelines for Missouri Government*, May 14, 2019, is available at <<https://www.sos.mo.gov/CMSImages/LocalRecords/CommunicationsGuidelines.pdf>>, accessed August 15, 2022.

Perry County

Organization and Statistical Information

Perry County is a county-organized, third-class county. The county seat is Perryville.

Perry 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 11 part-time employees on December 31, 2021.

In addition, county operations include Senate Bill 40 Board, Mental Health Board, Youth Board, Senior Citizens Board, Solid Waste Board, and 911 services. Also, in conjunction with the City of Perryville, county operations include maintenance of a community multi-purpose facility.

Elected Officials

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

Officeholder	2022	2021
Mike J. Sauer, Presiding Commissioner	\$	42,565
Jay P. Wengert, Associate Commissioner		40,565
Keith A. Hoehn, Associate Commissioner		39,979
Dana Pritchard, Recorder of Deeds		58,143
Jared W. Kutz, County Clerk (1)		59,917
Caitlin Hoeh Pistorio, Prosecuting Attorney		71,414
Gary J. Schaaf, Sheriff (2)		59,676
Kathy A. Schumer, County Treasurer		58,143
Bill Bohnert, County Coroner		35,512
Tamara M. Tarrillion, Public Administrator		54,550
Rodney J. Richardet, County Collector (3), year ended February 28,	75,612	
Charles Triller, County Assessor (4), year ended August 31,		61,677
Tim Baer, County Surveyor (5)		

- (1) Includes \$1,774 of commissions earned for preparing city property tax books.
- (2) Resigned from office effective September 30, 2022. Bill Bohnert was appointed Interim Sheriff effective October 1, 2022. Jason Klaus was appointed Sheriff effective October 13, 2022.
- (3) Includes \$17,470 of commissions earned for collecting city and levee district property taxes.
- (4) Includes \$1,774 of commissions earned for assessing city property taxes.
- (5) Compensation on a fee basis.