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Missouri State Auditor

Butler County

Report No. 2024-087

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auditor.mo.gov



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Butler County

<p>Public Administrator's Controls and Procedures</p>	<p>The Public Administrator charged wards excessive and unreasonable fees that did not reflect the actual time spent to handle ward finances. As a result, a significant portion of some wards' income is being used to pay Public Administrator fees and offset office costs. The Public Administrator does not always file required annual and final settlements timely. A probate court report dated May 10, 2023, showed 91 of the 243 required annual settlements or final settlements (37 percent) were overdue. The Public Administrator does not ensure ward bills are paid timely and a review of check registers and bills for 3 wards noted the Public Administrator paid room and board bills at least 30 days past their due dates and 60 days past the due date in one instance. The Public Administrator has not adequately segregated accounting duties, does not perform documented supervisory reviews of detailed accounting and bank records, and has not adequately secured signature stamps. Public Administrator's office personnel do not issue receipt slips for checks received in the office.</p>
<p>Property Tax System</p>	<p>Neither the County Clerk nor the County Commission adequately review the financial activities of the County Collector. The account book maintained by the County Clerk was not complete, did not track all taxes charged to the County Collector, and did not agree to the annual settlements submitted by the County Collector. In addition, the County Clerk and the County Commission did not adequately review and approve the County Collector's annual settlement for the year ended February 28, 2023. The County Clerk and the County Commission do not adequately review property tax additions and abatements.</p>
<p>County Collector's Controls and Procedures</p>	<p>The County Collector does not monitor and/or subsequently reduce the percentage used to calculate amounts withheld from tax collections for the Assessment Fund. As a result, during the year ended December 31, 2022, she withheld \$68,740 more from tax collections for the Assessment Fund than allowed by state law and disbursed less funds to taxing authorities. During that period, approximately \$143,740 was withheld from property taxes for the Assessment Fund which exceeded the \$75,000 maximum amount allowed. The County Collector has not established procedures to routinely follow up on outstanding checks in the main, miscellaneous, and drainage bank accounts. As of February 28, 2023, there were 77 main bank account checks, totaling \$6,786; 2 drainage bank account checks, totaling \$11,729; and 3 miscellaneous bank account checks totaling \$242 outstanding for more than a year. The County Collector does not compare the protested tax bank account balances to a list of liabilities. In addition, the County Collector does not prepare a monthly list of liabilities for the main and drainage bank accounts.</p>
<p>Prosecuting Attorney's Controls and Procedures</p>	<p>The Prosecuting Attorney's office has not established procedures to follow up on outstanding checks. As of December 31, 2022, 105 checks, totaling \$18,720 for the restitution account, and 32 checks totaling \$4,444 for the bad check account were outstanding for more than a year. The Prosecuting Attorney's office does not prepare a monthly list of liabilities for the restitution account. As of December 31, 2022, the restitution account had an unidentified balance of \$2,148.</p>
<p>Sheriff's Compensation</p>	<p>The County Commission authorized mid-term salary increases totaling \$21,732 to the Sheriff in violation of constitutional provisions and state law.</p>

County Credit Card Controls and Procedures	The county does not monitor credit card limits for county credit cards and, based on the limited credit card use, the monthly-cycle limits are excessive. The total credit limit for the county's 12 credit cards was \$116,500 during 2022. Excessive credit card limits and purchasing ability increased the risk of abuse and potential large liabilities for the county.
Sales Tax Rollback	When calculating the property tax reduction each year, the County Clerk did not account for the difference between estimated and actual sales taxes collected for the preceding year. As a result, approximately \$222,770 in excess property taxes were collected for 2020, 2021, and 2022.
Sunshine Law Public Access Policy	The County Commission has not adopted a written policy regarding public access to county records as required by state law.
Electronic Data Security	Controls over county computers are not sufficient. County officials have not established adequate password controls to reduce the risk of unauthorized access to office computers and data. The County Assessor, County Clerk, County Collector, Public Administrator, and Sheriff do not have security controls in place to lock computers after a certain period of inactivity and the County Collector's office computers do not lock after a specified number of incorrect logon attempts.
Electronic Communication Policy	The county has not developed a records management and retention policy that includes electronic communication in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.
Board for the Care of the Handicapped	The Board for the Care of the Handicapped does not adequately monitor payments and uses of funding to not-for-profit (NFP) entities. The contracted NFP entities did not provide the Board information required by the contracts, including projects undertaken and progress towards achieving goals; monthly financial reports, including an accounting of all receipts and disbursements of all funds; and other documentation such as the sale, lease, or transfer of real or personal property. Additionally, the NFP entities did not provide the Board documentation of their beginning or projected ending cash balances on annual funding requests.
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.

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SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

To the County Commission
and
Officeholders of Butler County

We have audited certain operations of Butler 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, 2022. 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; performing sample testing using haphazard and judgmental selection, and analysis of comparative data, 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 this performance audit in accordance with generally accepted government auditing standards. 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 a reasonable basis for our findings and conclusions based on our audit objectives.

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 Butler County.

A handwritten signature in black ink that reads "Scott Fitzpatrick". The signature is written in a cursive style with a large, stylized initial "S".

Scott Fitzpatrick
State Auditor

Butler County Management Advisory Report State Auditor's Findings

1. Public Administrator's Controls and Procedures

Controls and procedures in the Public Administrator's office need significant 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 221 wards and estates as of May 10, 2023.

1.1 Excessive fees

The Public Administrator charged wards excessive and unreasonable fees that did not reflect the actual time spent to handle ward finances. As a result, a significant portion of some wards' income is being used to pay Public Administrator fees and offset office costs. In addition, the Public Administrator did not document the criteria used when determining the fee structure used to charge wards. Public Administrator fees, totaling approximately \$81,890 for the year ended December 31, 2022, were remitted to the County Treasurer.

The Public Administrator uses a computer system to track fees for performing tasks such as preparing bank reconciliations, issuing checks, performing general office duties, making phone calls, and preparing annual settlements. Public Administrator personnel set an hourly rate of \$45 and pre-set time frames for some tasks, such as 3 hours for preparing annual settlements and 30 minutes for performing bank reconciliations in the computer system. The Public Administrator's office also charges this hourly rate for actual time spent on other administrative tasks and telephone calls. Deputy clerks enter their time for performing such duties and the system automatically calculates and charges the associated amounts to the applicable ward's case. The Public Administrator does not have any documentation to support how the fee structure was determined, including the hourly amounts charged or the time frames set for specific tasks performed. We reviewed the expense reports for 11 wards with limited financial resources¹ to evaluate the reasonableness of the fees.

For the 11 wards reviewed, fees represented 17 to 226 percent of a ward's average monthly income.² Fees for services provided associated with the annual settlement periods for these wards ranged from \$289 to \$1,359.³ The standard fee for preparing or reviewing annual settlements (3 hours) resulted in \$135 charged to each ward regardless of the ward's financial activity and it

¹ We defined wards with limited financial resources as those with only Supplemental Social Security Income, wages earned for working at a sheltered workshop, boarding home grants, or no income except one-time stimulus payments or income tax refunds.

² Fees excluded from this calculation include the amounts charged for telephone calls because those reflect actual time spent by office staff. Income excluded from the calculation includes federal and state income tax refunds and economic stimulus payments because those are annual or one-time income sources.

³ The \$1,359 represents a 2-year period of settlement activity.



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is unlikely a ward's annual settlement would need 3 hours to review or prepare if the ward had limited financial activity. For 2 wards, the Public Administrator charged fees to issue checks and then subsequently charged fees to void and reissue these same checks. When asked why there was a need to void and reissue these checks, the Deputy Public Administrator indicated most reissuances were needed due to clerical errors made by office personnel. We noted 7 of the 11 wards reviewed had at least 1 month with no income or expense activity and were charged at least \$22.50 for a bank reconciliation in those months.

Section 473.740.1, RSMo, allows the public administrator to receive compensation as allowed by law for other executors, administrators, and personal representatives. This can include setting a fee schedule based on actual time or other fees approved by the court. However, without documenting the criteria used when determining the appropriate fee to charge, and without adequate supporting documentation, there is less assurance fees charged to each ward are fair, reasonable, and properly assessed. The Public Administrator has a fiduciary duty to the wards to ensure only necessary and prudent fees are charged. The Public Administrator indicated that he hired an additional employee to assist with the workload and the fees charged by the office are intended to recoup the additional salary. The Public Administrator indicated he did not consider how the standard fee schedule would affect wards with limited financial resources.

1.2 Annual and Final settlements

The Public Administrator does not always file required annual and final settlements timely.

Per a probate court report dated May 10, 2023, 91 of the 243⁴ required annual settlements or final settlements (37 percent) were overdue. During our review of settlements filed for 9⁵ of the 221 wards or estates, we noted the Public Administrator filed all applicable settlements after the due date. For these 9 wards or estates reviewed, 7 settlements were filed 447 to 952 days late and 1 final settlement was filed March 1, 2024, or 1,743 days late. For the 9 settlements, 6 were due after the Public Administrator took office and the other 3 were due during the prior Public Administrator's term.⁶

The Probate Clerk sends a reminder letter 60 days before annual settlements and final settlements are due and provides a monthly listing of past due annual settlements and final settlements to the Public Administrator. Despite these

⁴ Includes 20 wards with 2 settlements overdue and 1 ward with 3 settlements overdue.

⁵ We judgmentally selected annual settlements with large asset balances and selected different types of Public Administrator cases, such as conservatorship, personal representative, and guardian/conservatorship.

⁶ The prior Public Administrator's term expired in December 2020.



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procedures, settlements remained unfiled or untimely filed. The Probate Clerk and the Public Administrator both indicated the prior Public Administrator left the office in disarray and that some supporting documentation could not be located. The Public Administrator had to reconstruct old records and file old delinquent annual settlements and final settlements, which resulted in the late filing of current annual settlements.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement and final settlement with the court for each ward or estate. Timely filing of annual settlements and final settlements 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.

A similar condition was noted in our prior 2 audit reports.

1.3 Disbursements

The Public Administrator does not ensure ward bills are paid timely. During our review of check registers and bills for 3 wards, we noted the Public Administrator paid room and board bills at least 30 days past their due dates and 60 days past the due date in one instance. On another occasion, the Public Administrator issued 2 separate checks on the same day for room and board bills, one for the current month and the second for the prior month which was 30 days past due. No late fees were charged for the late room and board bills. The Deputy Clerk indicated some bills were paid late due to the backlog of work. When asked why they were paid with 2 separate checks, the Deputy Clerk indicated they did not want the Probate Court to question one large payment.

Controls and procedures to ensure timely disbursements are necessary to prevent unnecessary fees, finance charges, and potential lapses in wards' services.

1.4 Segregation of duties

The Public Administrator has not adequately segregated accounting duties, does not perform documented supervisory reviews of detailed accounting and bank records, and has not adequately secured signature stamps. One deputy clerk is responsible for receipting, recording, and depositing money; preparing disbursements; and reconciling the bank accounts. In addition, all 3 deputies have access to the signature stamps and they do not apply their initials next to the signatures to identify which deputy used the signature stamps. The Public Administrator indicated that he has a small office and he did not consider the importance of segregating duties. The Public Administrator also indicated he did not realize the importance of safeguarding the signature stamps and identifying the clerk that used them.

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,



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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 stamps would reduce the possibility that loss, theft, or misuse of funds will go undetected.

1.5 Receipting and recording Public Administrator's office personnel do not issue receipt slips for checks received in the office. The Public Administrator indicated they scan the checks received when preparing the deposit; however, he did not consider the importance of issuing receipt slips. Failure to implement adequate receipting procedures increases the risk that loss, theft, or misuse of money received will occur and go undetected.

Recommendations

The Public Administrator:

- 1.1 Work with the court to develop a formal policy outlining the fee amount to assess wards and reevaluate the rate structure used for processing ward financial activity to ensure the fees charged are reasonable.
- 1.2 File annual and final settlements timely.
- 1.3 Implement procedures to ensure bills are paid timely.
- 1.4 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 signature stamps.
- 1.5 Issue prenumbered receipt slips for all money received.

Auditee's Response

- 1.1 *Due to the excessive backlog and lack of training, we followed the direction and approval of the courts in order to ensure we are not charging excessive and unreasonable fees. Any and all recommendations from the courts are taken under consideration and implemented into our daily work. Charges for preparing settlements are based on a minimum fee and for some settlements may be set at a lower rate than actual time spent.*
- 1.2 *All efforts are in place to improve timely filing of all settlements.*
- 1.3 *All efforts are in place to improve timely payment of all accounts payable.*
- 1.4 *With the addition of a part-time employee we are now able to double check all financial activities to identify and correct any potential*



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errors. The Public Administrator's signature stamps are now kept in a lock box when not in use. When a signature stamp is used, we now include the initials of the employee using the stamp.

1.5 *We have implemented the use of receipt slips. All checks received in the office are also scanned and placed into wards' folders.*

Auditor's Comment

1.1 While the court reviews and approves ward fees, the Public Administrator has a fiduciary duty to the wards to ensure only necessary and prudent fees are charged. Also, while the Public Administrator's response indicates some settlement fees may be set at a lower rate than actual time spent, this does not apply to the wards discussed in the finding, who have little or no financial activity, and therefore, less to report on their annual settlements.

2. Property Tax System

Controls and procedures over the property tax system need improvement. The County Collector's office collected property taxes and other receipts totaling approximately \$33.5 million during the year ended February 28, 2023.

2.1 Review of activity

Neither the County Clerk nor the County Commission adequately review the financial activities of the County Collector. The account book maintained by the County Clerk was not complete, did not track all taxes charged to the County Collector, and did not agree to the annual settlements submitted by the County Collector. In addition, the County Clerk and the County Commission did not adequately review and approve the County Collector's annual settlement for the year ended February 28, 2023.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with money payable into the county treasury. In addition, Section 139.190, RSMo, requires the County Commission to carefully and fully examine the annual settlement of the County Collector. Maintaining an account book or other records that summarize all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts would help the County Clerk ensure taxes charged and credited to the County Collector are complete and accurate and could also be used by the County Clerk and the County Commission to verify the County Collector's annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

A similar condition was noted in our prior county audit report and the prior audit report of the County Collector and Property Tax System. In addition, Report No. 2015-103, *Follow-up Report on Audit Findings - Butler County Collector and Property Tax System*, issued in November 2015, reported the status, at that time, as partially implemented.



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2.2 Additions and abatements The County Clerk and the County Commission do not adequately review property tax additions and abatements. Prior to August 2023, County Collector's office personnel prepared a listing of Real Property and Personal Property additions and abatements based on the County Collector's computer system for the County Commission's review. The Deputy Assessor indicated, beginning in August 2023, the County Collector stopped providing the listing of Real Property additions and abatements, so the Assessor began providing a manually aggregated total. The Assessor's computer system is unable to produce a report of additions and abatements; therefore, the County Assessor had to manually aggregate the individual additions and abatements. The County Clerk and the County Commission review the aggregated court orders and sign them to document approval. However, neither the County Collector's nor Assessor's reports included reasons for the additions or abatements and the County Commission did not request this information because it did not know it was available.

In addition, no one is comparing the report of additions and abatements in the County Collector's system to the Assessor's report to ensure all changes are properly recorded. We noted an instance in which the March 2024 aggregated court order prepared by the Assessor and approved by the County Commission did not include a \$661 abatement that was on the March real property abatements listing from the County Collector's system. The County Assessor and the County Collector stated that they are on different computer systems that do not always interface properly, which may cause differences. This makes it critical for the County Clerk or the County Commission to perform an independent reconciliation of the system information. The County Clerk and the County Commission stated they were unaware of the importance of reconciling these reports and ensuring the Assessor and the County Collector data match.

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, periodic review of detail records and timely approvals of additions and abatements, along with an independent reconciliation of approved additions and abatements to corrections made to the property tax system, would help ensure changes are proper.

Recommendations

- 2.1 The County Clerk maintain an accurate and complete account book with the County Collector. In addition, the County Clerk and the County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.
- 2.2 The County Commission and the County Clerk develop procedures to ensure all property tax changes are properly approved and



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monitored and reconcile changes in the County Collector and Assessor's systems to ensure accuracy.

Auditee's Response

- 2.1 *The County Clerk and the County Commission (since 2024) adequately review the financial activities of the County Collector. The account book maintained by the County Clerk is now complete and tracks all taxes charged to the County Collector, and agrees to the Annual Settlement for 2024. All monthly collections, delinquent credits, additions and abatements, and protested amounts are shared with the County Clerk and are used to balance each month with the County Collector.*
- 2.2 *The County Commission and the County Clerk will develop procedures to ensure all property tax changes are properly approved and monitored. The County Assessor and County Collector do not have the same program by which abated and/or assessed values are computed, and in some months the abatements and additions differ from each other. The County Clerk will not present to the County Commissioners nor accept the monthly additions and abatements reports from either office until the discrepancies are eliminated.*

3. County Collector's Controls and Procedures

Controls and procedures in the County Collector's office need improvement.

3.1 Assessment withholdings

The County Collector does not monitor and/or subsequently reduce the percentage used to calculate amounts withheld from tax collections for the Assessment Fund. As a result, during the year ended December 31, 2022, she withheld \$68,740 more from tax collections for the Assessment Fund than allowed by state law and disbursed less funds to taxing authorities. During that period, approximately \$143,740 was withheld from property taxes for the Assessment Fund which exceeded the \$75,000 maximum amount allowed. The County Collector stated she believed the County Assessor's office was responsible for paying this overage back when the \$75,000 threshold was reached.

Section 137.720.1, RSMo, requires a 1 percent withholding on ad valorem property tax collections allocable to each taxing authority be deducted from the collections of taxes each year and deposited into the Assessment Fund of the county. Section 137.720.3, RSMo, requires an additional 1/2 percent commission be withheld and also deposited into the Assessment Fund. However, Section 137.720.3, RSMo, limits the additional 1/2 percent deduction to \$75,000. After this limit is reached, the total percentage withheld should be reduced to only 1 percent. Adequate monitoring and proper



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calculation of assessment fund withholdings are necessary to ensure compliance with statutory provisions.

3.2 Outstanding checks

The County Collector has not established procedures to routinely follow up on outstanding checks in the main, miscellaneous, and drainage bank accounts. As of February 28, 2023, there were 77 main bank account checks, totaling \$6,786; 2 drainage bank account checks, totaling \$11,729; and 3 miscellaneous bank account checks totaling \$242 outstanding for more than a year. The County Collector did not investigate the checks and she was unable to identify the payees of the 21 main bank account checks written prior to her taking office in March 2015.

Procedures to track, routinely follow up on, and reissue outstanding checks, as appropriate, are necessary to prevent the accumulation of money in the account and to ensure funds are disbursed to the appropriate payees or as otherwise 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.

3.3 Liabilities

The County Collector does not compare the protested tax bank account balances to a list of liabilities. In addition, the County Collector does not prepare a monthly list of liabilities for the main and drainage bank accounts. As a result, as of February 28, 2023, the County Collector had unidentified balances of \$58,441 in the main bank account, \$41,599 in the protested tax bank account, and \$500 in the drainage account. The County Collector stated a portion of the funds in the bank accounts are attributable to interest earned and some of the funds were in the accounts when she took office and she does not have records for those funds.

Maintaining unidentified bank balances increases the risk of loss, theft, or misuse of such funds going undetected. 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. 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.

Recommendations

The County Collector:

- 3.1 Review Assessment Fund withholdings for past years, determine the excess amount distributed to the Assessment Fund, and disburse that amount to the taxing authorities. The County Collector should also ensure the percentage to be deducted from property taxes for the Assessment Fund is properly reduced in future years once the \$75,000 limit is reached.



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3.2 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the funds should be disbursed in accordance with state law.

3.3 Prepare monthly lists of liabilities and reconcile the lists to the available cash balances. Any differences should be promptly investigated and resolved. In addition, the County Collector should disburse any unidentified funds in accordance with state law.

Auditee's Response

3.1 *We have now implemented an Assessment Fund manual spreadsheet to calculate the monthly disbursement to the Assessment Fund. We are also working with the County Clerk's and the County Assessor's offices to refund the overage for previous year(s).*

3.2 *The Collector's office does have a spreadsheet of outstanding checks that we reconcile monthly along with our bank statements. I have spoken to the bank about placing stop payments on checks, and reissuing; however, a stop payment only lasts for 90 days and I was told I would have to place a stop payment on said check(s) every 90 days forever. Next time we order new checks for the office, we will make sure to have a "void after 90 days" clause on the checks. If after three years the same checks are still outstanding, we will turn them over to the State Treasurer's Unclaimed Property Division.*

3.3 *I believe a portion of these unidentified balances are a result of interest in all accounts. In or around 2010, the county switched banks and a great portion of these unidentified balances have been here since the change in banks. This was before my time in office. The County Collector, County Commissioners, and County Clerk will discuss how to disperse these unidentified amounts during an open meeting of the County Commissioners. The County Collector's office has always kept a spreadsheet of liabilities for all bank accounts to the best of our knowledge.*

4. Prosecuting Attorney's Controls and Procedures

Controls and procedures in the Prosecuting Attorney's office need improvement. The office collected approximately \$125,149 in court-ordered restitution and fees during the year ended December 31, 2022.

4.1 Outstanding checks

The Prosecuting Attorney's office has not established procedures to follow up on outstanding checks. As of December 31, 2022, 105 checks, totaling \$18,720 for the restitution account, and 32 checks totaling \$4,444 for the bad check account were outstanding for more than a year. The clerk indicated they do not follow up on outstanding checks because people often move and do not provide forwarding information.



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Procedures to routinely follow up on and reissue outstanding checks, as appropriate, are necessary to prevent the accumulation of money in bank accounts and to ensure funds are disbursed to victims or as otherwise 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.

4.2 Liabilities

The Prosecuting Attorney's office does not prepare a monthly list of liabilities for the restitution account. As of December 31, 2022, the restitution account had an unidentified balance of \$2,148. Prosecuting Attorney's office personnel indicated they do not maintain a list of open items, because they disburse all amounts collected, other than interest, immediately. The Prosecuting Attorney indicated the unidentified balance is likely comprised of interest earned prior to 2019, when the Prosecuting Attorney took office; however, the office was unable to obtain records confirming this.

Maintaining unidentified bank balances increases the risk of loss, theft, or misuse of such funds going undetected. 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. 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.

Recommendations

The Prosecuting Attorney:

- 4.1 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If a payee cannot be located, the funds should be disposed of in accordance with state law.
- 4.2 Prepare monthly lists of liabilities and reconcile the lists to available cash balances. Any differences should be promptly investigated and resolved. In addition, the Prosecuting Attorney should disburse any unidentified funds in accordance with state law.

Auditee's Response

- 4.1 *Checks that are outstanding for at least 6 months will be reviewed and we will request that the bank stop payment on them. Checks will be reissued to the recipient, if they are located and a new address is provided. Checks whose recipient cannot be located will be turned over to the Missouri State Treasurer's Unclaimed Property Division.*
- 4.2 *The Butler County Prosecutor's office is in the process of preparing a monthly list of liabilities report.*



5. Sheriff's Compensation

The County Commission authorized mid-term salary increases totaling \$21,732 to the Sheriff in violation of constitutional provisions and state law. The Sheriff took office in 2021 at the salary level approved by the Butler County Salary Commission.

Section 57.317.1(2), RSMo, enacted in 2021, states the sheriff shall receive an annual salary computed based on a percentage of the compensation of an associate circuit judge of the county, with the percentage determined by a statutory schedule using the county's current assessed valuation level. The law indicates if the increase to the Sheriff's salary is less than \$10,000, the increase shall take effect January 1, 2022, but if the salary increase is more than \$10,000, the increase shall be paid equally over a 5-year period. However, Article VII, Section 13, of the Missouri Constitution prohibits an increase in compensation for state, county, and municipal officers during the term of office. Court cases have concluded that to receive additional compensation during a term of office there must be: (1) no existing compensation for the office; (2) new or additional duties extrinsic or not germane to the office; or (3) the mid-term increase must result from the application of a statutory formula for calculating compensation that was in place prior to the individual being elected or taking office. None of those circumstances exist; therefore the increase to the Sheriff's salary should be effective only for any Sheriff elected and sworn into office after the new salary schedule was authorized.

The County Commission discussed the issue with its legal counsel; however, the Commission did not obtain a written legal opinion on these matters and authorized the salary increase for the Sheriff in 2022, and authorized the remaining portion of the salary increase in 2023. The county gave the Sheriff a \$4,699 increase in 2022 (approximately one-fifth of the calculated total increase) and a \$17,033 increase in 2023 (approximately four-fifths or the remaining calculated total increase) instead of spreading the increase out over 5 years as required. The County Commissioners indicated they thought they were following state law.

Recommendation

The County Commission discontinue the mid-term salary increase and consider various methods for possible recoupment of money already paid.

Auditee's Response

It was determined by the County Commission that they were acting on a legal interpretation of the law as presented to them at the time of the raise in 2022. The County Commission will discuss any remedies for restitution with legal counsel.

6. County Credit Card Controls and Procedures

The county does not monitor credit card limits for county credit cards and the county's monthly-cycle credit card limits are excessive. The total credit limit for the county's 12 credit cards was \$116,500 during 2022.



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We noted 5 of the 12 credit cards used by county officials and employees have excessive credit limits based on their limited credit use⁷ during 2022 as follows:

- The Presiding Commissioner and Human Resources Director only used 1 to 4 percent of their combined \$20,000 credit limit (2 separate credit cards shared the credit card limit).
- The County Clerk only used 1 to 9 percent of her \$20,000 credit limit.
- The County Assessor only used 1 to 12 percent of his \$20,000 credit limit.
- The Juvenile Office only used 7 to 53 percent of its \$15,000 credit limit.
- The County Road and Bridge Department only used 1 to 2 percent of its \$14,500 credit limit.

Excessive credit card limits and purchasing ability increase the risk of abuse and potential large liabilities for the county. By periodically comparing the actual purchasing card activity to monthly cycle limits and adjusting limits as needed, the county can strengthen controls over the cards and reduce potential risks. The County Commission indicated it was not aware of the total liability (credit limits) and the risk exposure to the county of these high credit limits.

Recommendation

The County Commission review and adjust credit card limits to reasonable amounts.

Auditee's Response

The County Clerk will contact the credit card companies extending credit for the cards held by the County Clerk, County Assessor, and Human Resources in an effort to lower the credit card limits to \$2,500 each. It is noted that these particular cards were set with certain credit limits by the companies extending credit.

7. Sales Tax Rollback

The County Clerk did not accurately calculate property tax levy reduction amounts.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Butler County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levies to meet the 50 percent reduction requirement and provide for an

⁷ Includes payments made from the County General Fund for the Presiding Commissioner and Human Resources Director, County Clerk, and Juvenile Office credit cards; Assessment Fund for the Assessor credit card; and Road and Bridge Fund for the Road and Bridge Department credit card.



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adjustment for actual sales tax collections of the preceding year that are more or less than the estimate for the preceding year.

When calculating the property tax reduction each year, the County Clerk did not account for the difference between estimated and actual sales taxes collected for the preceding year. As a result, approximately \$222,770 in excess property taxes were collected for 2020, 2021, and 2022. The County Clerk indicated she used the former County Clerk's method to calculate the reduction and did not realize that the difference between estimates and actual sales taxes collected should be considered. The County Clerk also indicated the County Commission was not aware of the issue and relied on the former County Clerk's calculations.

To ensure property tax levies are properly set and property tax rate ceilings are maintained, property tax levy reductions must be accurately calculated.

Recommendation

The County Commission and the County Clerk properly calculate property tax rate reductions based on sales tax collections and develop a plan to correct the accumulation of prior over collections of property taxes.

Auditee's Response

The County Clerk will immediately begin to properly calculate property tax rate reductions based on sales tax collections and develop a plan to correct the accumulation of the over-collections of prior years. The sales tax rollback and tax rate must be approved by the County Commission and a public hearing must be held in order for the tax rate to be approved. The County Clerk notes that taking an additional reduction in the tax rate in any one given year will prove to be a burden on the budget of the county. The County Clerk will make a recommendation to the County Commission to take a voluntary reduction in odd years only in order to recapture a portion of the amount over collected. The county will use higher amounts as the estimated sales tax revenues in order to keep the over-collections at a minimum.

8. Sunshine Law Public Access Policy

The County Commission has not adopted a written policy regarding public access to county records as required by state law. A public access policy can identify a person to contact, provide an address to mail such requests, establish fees that may be assessed for providing copies of public records, and require the county to document Sunshine Law requests in a log. According to the County Clerk, the county has a records request form that is completed by the requestor; however, the county does not receive many records requests and the county does not charge for these requests.

Section 610.028, RSMo, requires a written policy regarding release of information under the Sunshine Law. Section 610.023, RSMo, lists requirements for making records available to the public. To ensure compliance with this section, the county should document adequate information in a log to determine if requests are completed timely and all



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requests are adequately filled. The log information should include the date of request, a brief description of the request, the date the request is completed, and any associated costs of fulfilling the request. Section 610.026, RSMo, allows the county to charge fees for providing access to and/or copies of public records and provides requirements related to fees.

Recommendation

The County Commission develop a written public access policy, and maintain a public request log or other documentation to help ensure compliance with state law.

Auditee's Response

The County Commission has adopted a written policy regarding public access to county records as required by state law. The County Clerk's office will document information in a log to determine if requests are completed timely and all requests are adequately filled. The log information will include the date of the request, a brief description of the request, the date the request is completed, and any associated costs of fulfilling the request.

9. 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.

9.1 Passwords

County officials have not established adequate password controls to reduce the risk of unauthorized access to office computers and data. County employees are not required to change passwords periodically in the offices of the Prosecuting Attorney, Public Administrator, and County Assessor. Also, some passwords used in the office of the Recorder of Deeds are not kept confidential, which increases the risk of a compromised password. County Officials indicated they did not realize the importance of changing passwords regularly. The Recorder of Deeds indicated she did not realize the risk of sharing passwords. The County Commission indicated it was not aware that passwords were not periodically changed and that passwords were shared in some offices.

Passwords are necessary to authenticate access to computers and identify activity performed by each individual. 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. In addition, allowing users to share accounts and passwords reduces individual accountability for system activity and unauthorized system access could occur. Passwords that are changed periodically and are not shared, reduce the risk of a compromised password and unauthorized access to and use of computers and data.

A similar condition was noted in our prior audit report.



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9.2 Security controls

The County Assessor, County Clerk, County Collector, Public Administrator, and Sheriff do not have security controls in place to lock computers after a certain period of inactivity and the County Collector's office computers do not lock after a specified number of incorrect logon attempts. Officials indicated they had not considered the necessity of requiring computers to lock after a certain period of inactivity and user IDs to be locked or revoked after failed password attempts.

Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

Recommendations

The County Commission work with other county officials to:

- 9.1 Require employees to periodically change passwords and ensure all passwords are kept confidential.
- 9.2 Require county computers to have security controls in place to lock each computer after a certain period of inactivity and after a specified number of incorrect logon attempts.

Auditee's Response

- 9.1 *All offices will be notified that it is required to change passwords periodically to authenticate access to computers and that all passwords are to be kept confidential.*
- 9.2 *It will be required to have security controls in place to lock each computer after a certain period of inactivity and after a specified number of incorrect logon attempts.*

10. Electronic Communication Policy

The county has not developed a records management and retention policy that includes electronic communication 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.⁸

⁸ Missouri Secretary of State Records Services Division, *Electronic Communications Records Guidelines for Missouri Government*, May 14, 2019, is available at



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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 record retention requirements and the electronic communications 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

The county developed a records management and retention policy that includes electronic communication in compliance with the Missouri Secretary of State Records Division on August 19, 2024. A copy of such policy will be distributed among all county officials for their own records. A copy was supplied to the State Auditor's Office.

11. Board for the Care of the Handicapped

The Board for the Care of the Handicapped does not adequately monitor payments and uses of funding to not-for-profit (NFP) entities. The Board received property taxes and other receipts totaling approximately \$674,604 for the year ended December 31, 2022, to provide sheltered workshop and transportation services to developmentally disabled citizens.

The contracted NFP entities did not provide the Board information required by the contracts including projects undertaken and progress towards achieving goals; monthly financial reports, including an accounting of all receipts and disbursements of all funds; and other documentation such as the sale, lease, or transfer of real or personal property. Additionally, the NFP entities did not provide the Board documentation of their beginning or projected ending cash balance on annual funding requests. These requests only included anticipated revenues and disbursements. The Board indicated NFP entity information is discussed at meetings; however, the Board does not request required documentation and does not document discussions with the NFP entities. The Board meets twice a year to approve funding for the various entities, and relies on the County Commission to approve periodic payments to the NFP entities based on schedules established by the annual budget.

Without requiring NFP entities to submit information regarding projects, goals undertaken, and monthly financial reports, as required by contract, the Board cannot adequately monitor how funds are spent and ensure the funds are used appropriately.

<<https://www.sos.mo.gov/CMSImages/LocalRecords/CommunicationsGuidelines.pdf>>, accessed June 13, 2024.



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

Recommendation

The Board for the Care of the Handicapped ensure NFP entities submit information required by contract and document any discussions held with NFP entities.

Auditee's Response

The Board President on behalf of the Board provided the following response:

At this time, I understand and concur with the findings of the audit. The findings and recommendations will be taken under advisement and presented to the rest of the board at the annual budget meeting to be held this fall. At that time, the issues regarding the adequate monitoring of payments and the uses of funding to not-for-profit entities will be discussed. Additionally, with assistance from the other members of the board a plan to address and ameliorate the issues stated in the audit will be undertaken.

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Organization and Statistical Information

Butler County is a county-organized, third-class county. The county seat is Poplar Bluff. The county's population was 42,130 in 2020, according to the U.S. Census Bureau.

Butler 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 132 full-time employees and 4 part-time employees on December 31, 2022.

County operations also include the Board for the Care of the Handicapped and the 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	2023	2022
Vince Lampe, Presiding Commissioner	\$	49,663
Don Anderson, Associate Commissioner		47,135
Dennis LeGrand, Associate Commissioner		47,135
Debra Lundstorm, Recorder of Deeds		70,897
Tonyi Deffendall, County Clerk		70,897
Kacey Proctor, Prosecuting Attorney		148,549
Mark Dobbs, Sheriff		76,695
Tammy Marler, County Treasurer		70,897
James Akers, County Coroner		70,897
Jeffery Darnell, Public Administrator		70,897
Emily Parks, County Collector (1), year ended February 28,	102,089	
Chris Rickman, County Assessor, year ended August 31,		70,897

(1) Includes \$31,192 of commissions earned for collecting drainage district and city property taxes.