Susan Montee, JD, CPA

Missouri State Auditor

Lewis County

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YELLOW SHEET

Findings in the audit of Lewis County

County Collector's Accounting Controls and Procedures	The County Collector's accounting and reporting procedures are not sufficient and do not provide assurance monies collected are accounted for properly. Theft could go undetected for a significant amount of time because current procedures do not provide assurance against the loss or misuse of funds. Annual settlements have not been prepared by the County Collector for the years ended February 28 (29), 2008, 2009, and 2010. A delinquent tax book has not been generated since 2006. Access to the property tax system on the public-use computer is not restricted to read-only access. Bank reconciliations have not been prepared since January 2008, and liabilities are not reconciled with cash balances. Procedures for receipting monies are not adequate and reconciliations of receipts to deposits and disbursements are not performed. Further, change funds are not reconciled to their authorized amounts.
Financial Condition	The financial condition of the General Revenue, Road and Bridge, Law Enforcement Operating, and Road and Bridge Capital Improvement Funds have declined and are not expected to improve significantly in the near future.
Emergency 911 Board Accounting Controls and Procedures	The Emergency 911 (E-911) Board has not developed adequate procedures to prepare and monitor budgets and accounting records. Actual receipts and disbursements and year-end cash balances reported on the annual budgets submitted to the State Auditor's office did not agree to the accounting records prepared by the accounting firm hired to maintain the financial records. Due to inadequate record keeping and monitoring, the balance for the Board's checking account on December 31, 2009, was negative $592, resulting in overdraft charges. In addition, reasons for closing meetings and the corresponding vote to close the meeting are not always documented Further, receipts are not always deposited intact and in a timely manner and are not reconciled to deposits.
County Procedures	The County Clerk did not prepare minutes for some closed session meetings of the County Commission. In addition, the County Commission does not actively monitor its cellular phone agreement with the Prosecuting Attorney.
Sheriff's Accounting Controls and Procedures	Commissary receipts are not deposited on a timely basis, monthly lists of liabilities are not prepared and agreed to the reconciled commissary account balance, and records of commissary profits are not maintained.
Computer Controls	Unique user identifications are not required to log on to computers in various offices and passwords are shared among employees. In addition, backup disks are not always tested or stored at a secure off-site location and the county does not have formal emergency contingency plans.

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SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Lewis County

We have audited certain operations of Lewis County in fulfillment of our responsibilities under Section 29.230, RSMo. In addition, Devereux and Krauss, LLP, Certified Public Accountants, was engaged to audit the financial statements of Lewis County for the 2 years ended December 31, 2008. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2009. 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 operations, including certain revenues and expenditures.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We 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 contract, 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. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

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.

The accompanying Management Advisory Report presents our findings arising from our audit of Lewis County.

Susan Montee, JD, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CGFM, CIA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Chris Vetter, CPA
Audit Staff:	Tina Gildehaus, M.Acct.
	Lacy Miller, M.Acct.

1. County Collector's Accounting Controls and Procedures

The County Collector's accounting and reporting procedures are not sufficient and do not provide assurance monies collected are accounted for properly. Theft could go undetected for a significant amount of time because current procedures do not provide assurance against the loss or misuse of funds. In addition, due to the concerns noted below, we were unable to determine if all monies were accounted for and distributed properly. Although some of these problems were noted in our previous two audits and the County Collector indicated he would implement the recommendations, little progress has been made and major improvement is needed.

The County Collector's office processed collections totaling approximately $5.7 million annually during the years ended February 28, 2010 and 2009.

1.1 Annual settlements

Annual settlements have not been prepared by the County Collector for the years ended February 28 (29), 2008, 2009, and 2010. To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the County Collector file annual settlements on a timely basis. Section 139.160, RSMo, requires the County Collector to settle accounts with the County Commission by the first Monday of March.

1.2 Delinquent tax books

A delinquent tax book has not been generated since 2006. The County Clerk generates the current tax book each year, and the County Collector had been responsible for generating the delinquent tax books in the past. Failure to prepare and review the delinquent tax books and test individual tax statement computations may result in errors, irregularities, theft, or misuse going undetected. For tax year 2009, delinquent personal property taxes were approximately $210,100 and delinquent real estate taxes were approximately $360,200.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and delinquent tax books and charge the County Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the delinquent tax book, at a minimum, she should verify the accuracy of the delinquent tax book and document approval of the tax book amount to be charged to the County Collector.

1.3 Computer access

Access to the property tax system is not restricted. The County Collector maintains a computer open to the public for researching property tax records. However, since this computer does not have access restrictions in place, anyone using the computer could potentially make changes to the property tax system.

To establish individual responsibility and to help preserve the integrity of computer systems and data files, access should be limited to authorized individuals through the use of access controls. Unauthorized access can result in the deletion or alteration of data files and programs.

1.4 Bank reconciliations

Bank reconciliations have not been prepared since January 2008. In addition, a listing of liabilities is not prepared. The balance in the County Collector's bank account on February 28, 2010, was $258,607; however, without a corresponding list of liabilities to reconcile to, it is unclear how much should have been in the account.

Based on a review of the County Collector's records, we identified liabilities at February 1, 2010, and noted a $9,523 unexplained difference between the balance in the bank and the total liabilities. We also identified liabilities at February 28, 2010, and noted an unexplained difference of $2,175. The change in the unexplained difference during the month appeared to be due to $7,330 more being receipted into the County Collector's computer system than was deposited into the bank account that month.

Timely preparation of monthly bank reconciliations is necessary to ensure the bank account is in agreement with accounting records and to detect and correct errors. In addition, without regular identification and comparison of liabilities to the reconciled bank balance, there is less likelihood errors will be identified and the ability to both identify liabilities and resolve errors is diminished.

1.5 Receipting procedures and reconciliations

Procedures for receipting monies are not adequate and reconciliations of receipts to deposits and disbursements are not performed, causing differences to go undetected and uncorrected. A transaction is entered into the computerized property tax system as it occurs and a receipt slip number is assigned. The County Collector and the Deputy County Collector can each have separate work sessions, or batches, open at the same time. After receipts are entered into the system, the batch must be closed (posted) before taxpayer accounts are updated and the monies are disbursed at the end of the month.

Batches of receipts are not posted timely or chronologically. Our review of October 2009 noted that of the 13 batches created in the month, only 10 (totaling $15,574), were posted to the computer system in October 2009. Two batches (totaling $4,341) were posted on November 8, 2009, and one batch (totaling $2,618) was not posted until January 8, 2010. These last three batches were posted after various November, December, and January batches were posted. In addition, an $80 receipt, deposited in November 2008, was not posted to the computer system until October 2009 when the citizen complained after receiving a delinquent tax notice. Furthermore, two receipts (totaling $117) were posted to the computer system in October 2009, but were not deposited as of March 30, 2010, and the County Collector indicated he did not know what happened to these receipts.

Receipts not posted are reported on monthly cash collection reports; however, the receipts are not disbursed until the month they are posted. For October 2009, the monthly disbursement settlement listed $15,574 for total disbursements and $22,453 for total collections.

If the County Collector performed regular reconciliations between receipts, deposits, and disbursements, this difference and the unposted batches and undeposited collections would have been identified. In addition, even though these monthly reports are generated, the reports are not run for comparable periods. For example, the cash collection report for October 2009 was for a 35-day period, while the corresponding disbursement report was for only a 30-day period. The County Collector stated all of the differences were due to timing; however, he could not provide documentation to support most of the differences.

In addition, if a check receipt is postmarked from a month prior to the month it is entered into the computer system, the County Collector will backdate the receipt in the system to the month it was postmarked.

To ensure all monies received are properly recorded and deposited, receipt batches should be posted timely and cash collection reports should be reconciled to deposits at the time the deposit is made. In addition, The County Collector should further investigate the missing $117.

1.6 Change funds

Change funds are not reconciled to the authorized amounts. The County Collector maintains two $200 change funds. When deposits are prepared, the change funds are not always reconciled back to the authorized amounts. The County Collector said often he does not want to take the time to count the change fund, so he only deposits the checks he has received and leaves the cash collections in the change fund to be deposited at a later date.

To safeguard against possible loss, theft, or misuse of funds, change funds should be maintained at a constant amount. Periodically, the funds should be counted and reconciled to the authorized balances. In addition, cash collected should be deposited timely and not maintained in the change funds.

Recommendations

The County Collector:

1.1 Prepare and file annual settlements in a timely manner.

1.2 Work with the County Clerk to ensure the delinquent tax books are prepared or, at a minimum, the County Clerk should verify the accuracy of the delinquent tax books prior to charging the County Collector with the property tax amounts.

1.3 Limit users of the public computer to read-only access to the property tax system.

1.4 Perform bank reconciliations monthly and ensure any differences between the accounting records and reconciliations are investigated and resolved. In addition, month-end liabilities should be reconciled to the reconciled bank balance.

1.5 Post receipts to the computer system daily and reconcile collections to deposits and monthly disbursements. In addition, the County Collector should investigate the missing $117.

1.6 Ensure change funds are periodically counted and reconciled to the authorized balances and all cash collections are deposited timely.

Auditee's Response

The County Collector provided the following responses:

1.1 The 2010 annual settlement is almost finished. I will then complete the settlements for the prior years. New software will be implemented to help prepare the annual settlements more timely.

1.2 I will work with the County Clerk to generate the delinquent tax books.

1.3 This problem has been fixed. The public now has read-only access to the computer.

1.4 We will work on preparing bank reconciliations monthly.

1.5 We will implement a new process for posting batches to the system and will ensure batches agree with deposits. We will resolve the missing $117.

1.6 We will ensure cash collections are deposited daily.

The County Clerk provided the following written response:

1.2 I generated the back tax book on March 23, 2010, and saved it in the archives under the 2009 unpaid tax receipt register. I also do a monthly reconciliation and will continue to print the back tax book in the future.

2. Financial Condition

The financial conditions of the General Revenue (GR), Road and Bridge, Law Enforcement Operating, and Road and Bridge Capital Improvement Funds have declined and are not expected to improve significantly in the near future. The Road and Bridge and Law Enforcement Operating Funds rely heavily on transfers from the GR Fund, which has contributed to the decline of that fund.

The following table reflects the ending cash balances of these four funds for the last 3 years and the projected ending cash balances for 2010:

	Ending Cash Balance, Year Ended December 31,*			
Fund	2010 (budgeted)	2009 (actual)	2008 (actual)	2007 (actual)
General Revenue	$ 979	183,377	309,092	318,332
Road and Bridge	6	37,273	12,700	41,105
Law Enforcement Operating	24	264	8,225	30,030
Road and Bridge Capital Improvement	414	41,217	56,046	74,798

* The 2010 and 2009 amounts were obtained from the county budget documents. The 2008 and 2007 amounts were obtained from the county's audited financial statements.

Receipts have generally increased over the last 3 years and a new Road and Bridge capital improvement sales tax was passed in 2008. However, in most years disbursements have been greater than receipts for the four funds, resulting in the declining financial condition of these funds. Rising insurance, fuel, and rock costs have caused spending to increase. In 2008, in an attempt to improve county road conditions, the County Commission implemented a policy whereby if a county resident purchased rock for a road, the county would purchase an equal amount and perform the road work. This policy, which cost the county approximately $33,000, was discontinued before the end of 2008 because of the strain it caused on the Road and Bridge Fund. The county also incurred unreimbursed costs from several floods.

The county cannot continue to spend more than it receives in these funds. The County Commission indicated it is aware of the concern and reviews monthly budget reports and looks for ways to reduce spending. The Commission has asked each officeholder to further reduce budgeted expenditures by 10 percent for 2010 and to delay any large purchases for as long as possible. The Commission has also asked the Road and Bridge department for a voluntary reduction in force to cut costs, which resulted in three employees voluntarily retiring.

The county has several funds that could be used to help the GR Fund and Law Enforcement Operating Fund. The County Farm Fund receives rental payments from a local farmer who leases property from the county. The fund had a balance of $25,636 at December 31, 2009. The excess in this fund could be transferred to the GR Fund. In addition, the Sheriff's Civil Fees Fund and the Law Enforcement Restitution Fund had balances of $20,189 and $30,571 at December 31, 2009, respectively. The 2010 budgets for these two funds included transfers totaling $15,000 to the Law Enforcement Operating Fund. The Commission should continue to work with the Sheriff and Law Enforcement Restitution Board to determine if additional funds can be transferred in the future.

It is essential the County Commission address the situation both in the immediate and long-term future. To improve the financial condition of the county, the County Commission should continue to monitor disbursements and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of county resources, and attempt to maximize all sources of revenue.

A similar condition was noted in our prior audit report.

Recommendations

The County Commission should closely monitor the county's financial condition and take the necessary steps to improve the financial condition of the GR, Road and Bridge, Law Enforcement Operating, and the Road and Bridge Capital Improvement Funds. The County Commission should perform long-term planning and ensure receipts are maximized and disbursements are closely monitored.

Auditee's Response

The County Commission provided the following written response:

We are aware of the declining revenue. Our disbursements do not exceed our receipts when combined with the cash carryover. In the General Revenue Fund, we have changed the budget for Repair and Upkeep from $25,000 to $3,800 in 2010 and will use the County Farm Fund for other Repair and Upkeep expenditures. We choose to leave the funds in the County Farm Fund and use it from there. The money is still being used and then we can account for how it is used better than if it was transferred out.

Per Missouri statutes, we do not have control over special funds but the Sheriff uses all the money in his funds as allowed by the statutes and in the current budget he transferred $5,000 from the Civil Fees Fund and $10,000 from the Restitution Fund to the Law Enforcement Operating Fund to help with that fund. The Collector has also transferred $8,000 from the Tax Maintenance Fund to the General Revenue Fund.

We have always monitored monthly budget reports and are currently sharing these with other elected officials so that they can be aware and help in any way possible with their office operations.

3. Emergency 911 Board Accounting Controls and Procedures

Budgetary and financial practices of the Emergency 911 (E-911) Board are not adequate. In addition, Board meetings were not always in compliance with the Sunshine Law. According to financial records prepared by the accounting firm, the Board collected receipts totaling approximately $642,000 for the 2 years ended December 31, 2009.

3.1 Budgets and accounting records

As noted in the prior audit report, the E-911 Board, which was established in 2000, has yet to develop adequate procedures to prepare and monitor budgets and accounting records for the fund. As a result, the following concerns were noted:

- Actual receipts and disbursements and year-end cash balances reported on the annual budgets submitted to the State Auditor's office did not agree to the accounting records prepared by the accounting firm hired to maintain the financial records. Many receipt and disbursement category totals on the budgets did not agree to the accounting records because of misclassifications on the budgets.

- The E-911 Director maintains a set of internal accounting records for preparation of monthly budget reports for the Board. However, the actual receipts and disbursements and cash balance listed on the year-end 2009, 2008, and 2007 budget reports differ from both the budgets submitted to the State Auditor's office and the financial records prepared by the accounting firm.

- Due to inadequate record keeping and monitoring, the balance of the Board checking account at December 31, 2009, was negative $592. The Board was also charged $40 in overdraft charges during 2009.

The E-911 Board has no procedures to ensure amounts reported in the budget agree to the accounting records. The E-911 Board paid the accounting firm $1,811 and $1,629 in 2009 and 2008, respectively, but is not fully utilizing the accounting services. By using the accounting records prepared by the accounting firm to prepare monthly budget reports and monitor the financial condition, the Board would receive an accurate and complete picture of its financial condition.

3.2 Closed Minutes

Reasons for closing meetings and the corresponding vote to close the meeting are not always documented. The Sunshine Law, Chapter 610, RSMo, states the question of holding the closed meeting and the reason for the closed meeting shall be voted on in an open meeting. These reasons and the corresponding votes to close the meetings should be documented in the open meeting minutes to demonstrate compliance with statutory provisions.

3.3 Deposits

Receipts are not always deposited intact and in a timely manner, and are not reconciled to deposits. For example, a $1,652 deposit made on September 22, 2009, included a $15 cash receipt from May 1, 2009. Other deposits were made during this time period and it is not clear why some receipts were deposited and some were not. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact and in a timely manner. Receipts should also be reconciled to deposits before deposits are made.

Similar conditions previously reported

Similar conditions were noted in our prior audit report.

Recommendations

The Emergency 911 Board:

3.1 Use information provided by the accounting firm to prepare accurate monthly and yearly budgets/reports and to monitor the overall financial condition of the E-911 Fund.

3.2 Ensure minutes document the vote to close a meeting and state the reasons for going into closed meetings.

3.3 Ensure receipts are deposited intact on a timely basis and reconciled to deposits.

Auditee's Response

The Emergency 911 Board Chairman provided the following responses:

3.1 We agree with the finding and will soon be having a meeting with the accounting firm to discuss increasing its role in the accounting function.

3.2 We have already added the roll call to closed meetings in the minutes and will add the statute and reason for closing meetings to the minutes.

3.3 We will ensure receipts are deposited intact on a timely basis and reconciled to deposits.

4. County Procedures

Controls and procedures over County Commission meeting minutes and cellular phones need improvement.

4.1 Closed Sessions

The County Clerk did not prepare minutes for some closed session meetings of the County Commission. The County Commission held nine closed sessions during the 2 years ended December 31, 2009, but official minutes were not maintained for four closed sessions.

The Sunshine Law, Chapter 610, RSMo, requires minutes be kept for all closed meetings. Issues not specifically allowed by the Sunshine Law should not be discussed in closed session. The meeting minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions and support decisions made.

4.2 Cellular phones

The County Commission is not actively monitoring its cellular phone agreement with the Prosecuting Attorney. As a result, $1,100 owed to the county for 2009 was not paid until we brought it to the county's attention.

The county has a verbal agreement with the Prosecuting Attorney regarding personal use of his county provided cellular phone. The Prosecuting Attorney is supposed to reimburse the county each month for his personal cellular phone usage. However, the Prosecuting Attorney does not submit the monthly billing details and did not reimburse the county in 2009. After we brought this issue to the attention of the County Clerk and Prosecuting Attorney in early 2010, the Prosecuting Attorney paid the county $1,100, which was one-half of the cellular phone charges the Prosecuting Attorney incurred in 2009.

County agreements should be actively monitored by the County Commission to ensure compliance with the terms of these agreements. In addition, agreements for these types of arrangements should be in writing as required by Section 432.070, RSMo.

Recommendations

The County Commission:

4.1 Ensure minutes are prepared and retained for all closed session meetings.

4.2 Monitor agreements to ensure compliance with agreement terms. In addition, the Commission should enter into written agreements for these types of arrangements.

Auditee's Response

The County Commission provided the following written responses:

4.1 Three were in regards to a workmans compensation injury and one was for an employee personal matter. We will ensure minutes are kept in the future.

4.2 There were two elected officials using cell phones that needed contracts, and both have been implemented to date.

The County Clerk provided the following written response:

4.1 I was not sure what part of the minutes would be made public; therefore, I did not keep due to the personnel issues. But I will in the future now that I know only decisions are made public.

5. Sheriff's Accounting Controls and Procedures

Procedures related to the commissary and general bank accounts and housing inmates from other counties are in need of improvement. Receipts and disbursements for the inmate commissary were approximately $13,300 and $15,100, respectively, for the year ended December 31, 2009. Receipts and disbursements for the general bank account were approximately $88,000 and $86,000, respectively, for the year ended December 31, 2009. The department also disbursed approximately $91,000 as part of a partition sale.

5.1 Deposits

Commissary receipts are not deposited on a timely basis. During 2009, deposits were made one to three times per month and averaged approximately $555. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all receipts should be deposited intact on a timely basis.

5.2 Commissary account

Monthly lists of liabilities are not prepared and agreed to the reconciled commissary account balance. Records of commissary profits are not maintained, making it difficult to determine the actual amount of profits. The reconciled cash balance at December 31, 2009, was $4,600 and inmate account balances totaled $238; however, documentation was not maintained to confirm the remaining $4,362 is actually commissary profits. In addition, the amount assumed to be profit each month is retained in the bank account outside the county treasury.

Without a record of commissary profits, the Sheriff cannot reconcile liabilities to cash balances to detect possible errors. Monthly reconciliations of liabilities and individual inmate accounts to the reconciled bank balance are necessary to ensure the bank account is in agreement with accounting records and to detect and correct errors on a timely basis. In addition, profits from the sale of commissary items represent accountable fees and should be turned over to the County Treasurer. There is no statutory authority for the Sheriff to make disbursements from accountable fees.

5.3 General account

The Sheriff's general bank account contains an unidentified balance of $2,597, which has been in the fund since 2005. Department and other county employees were unsure of the proper disposition of these funds, so the funds have remained in the account. Various statutory provisions including Section 447.500 through 447.595, RSMo, provide for the disposition of unclaimed and unidentified monies.

5.4 Contracts

The Sheriff has verbal agreements with other counties for the boarding of inmates. In addition, while Knox County is charged $32.50 per day and other counties $38 per day, there is no documentation to show these rates adequately recover the related costs or why Knox County is charged a different rate. The county received approximately $14,600 and $6,900 for boarding other counties' inmates for the years ended December 31, 2009 and 2008, respectively.

By establishing rates that are not based on the county's actual cost of housing inmates, it is possible the county is subsidizing the cost of this service, which given the financial condition of the county, could cause an additional, unnecessary strain on the county's finances. To ensure the county is billing at a rate that adequately recovers all costs, amounts charged for incarceration should be analyzed periodically and compared to billing rates. In addition, Section 432.070, RSMo, requires all contracts to be in writing. Written contracts should be prepared with all political subdivisions for services provided. The contracts should be updated periodically, clearly specify the arrangements between the parties for the services provided, and be approved by the County Commission.

Similar conditions previously reported

Similar conditions to 5.2 and 5.4 were noted in our prior audit report.

Recommendations

The Sheriff:

5.1 Deposit receipts intact on a timely basis.

5.2 Prepare lists of liabilities monthly for the commissary account and reconcile the list to the bank balance. In addition, commissary profits should be tracked and transmitted to the County Treasurer.

5.3 Identify the unidentified balance in the general bank account. Any monies remaining unidentified and unclaimed should be disposed of in accordance with state law.

5.4 Periodically review the costs of housing inmates and establish billing rates sufficient to recover costs. In addition, the Sheriff and the County Commission should ensure written contracts are obtained for all services.

Auditee's Response

The Sheriff provided the following written responses:

5.1 Due to staffing limitations and inability to forecast inmate population, deposits are not made weekly. Some weeks inmates may not make many purchases and therefore little money is in the account. However, several prisoners may come into the jail at the *same time creating a large increase in money brought into the commissary fund. Lewis County Staff will attempt to make weekly deposits as time allows.*

5.2 *The Inmate commissary fund was created for security reasons to deter contraband within the jail setting. The commissary profits are used as a way to offset the costs of operating the jail so taxpayer funds may be used for other law enforcement programs. This audit shows there is no inappropriate use of these funds and there is a significant amount of money that can be used in the future to meet the inmate needs including plumbing repair, toilet and sink replacement and other security related items. The Sheriff's Office will work with the Lewis County Commission, based on a recommendation of the auditor, to create an inmate commissary fund, while not statutorily required to do so.*

5.3 *The Sheriff's Office had too much money in its general account because of staff illness and staff limitations. This money is believed to be Sheriff's Office money, not unclaimed property, that staff was unsure as to what account it should be placed into and therefore waited for a recommendation from the auditor as to what should be done.*

5.4 *The Sheriff does not have statutory authority to enter into a contract of this type. Four years ago the Lewis County Commission constructed a contract and attempted to have them signed by other entities. It is my belief the commission did everything it could regarding this matter at the time. Housing prisoners cannot and will not generate a profit. The $38.00 amount is in accordance with Missouri statute and was set several years ago. The county will not begin to recover its costs until the state legislature agrees to pay the amount it says it should. Currently the state legislative body has cut funding to the county once again and has also stated it no longer wants prosecutors and judges to even incarcerate offenders unless "we are afraid of them." An analysis of actual costs is difficult to obtain due to the ever changing variables involved with housing prisoners. They include inmate population, food cost, medical cost, mental health issues, dental cost, utilities, and cuts in state funding.*

The County Commission provided the following written response:

5.4 *The county receives from other counties more money than the State of Missouri allows and pays. It would be difficult to establish a rate as there are certain costs such as personnel that you have no matter if you have 1 prisoner or 20. We feel any money that at least covers the cost of feeding the prisoner helps subsidize operations. We did* *draw up contracts and the Sheriff had trouble getting other counties to sign. We will continue to work on getting signatures.*

6. Computer Controls

Controls over the county's computer systems are not sufficient to prevent unauthorized access or to restore key systems in the event of a disaster or systems failure.

6.1 User IDs and passwords

Unique user identifications are not required to log on to computers in the County Clerk's, County Collector's, and County Assessor's offices and passwords are shared among employees. In addition, passwords are not required to be periodically changed in these three offices or in the County Treasurer's office. The lack of an effective system of user identifications and passwords may allow unauthorized access and/or changes to the system. To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals. To control access, a unique user identification and password should be assigned to each user of a system. These passwords should be kept confidential and changed periodically to help limit unauthorized access to computer files.

6.2 Computer inactivity

A security control is not in place in the County Clerk's, County Collector's, County Assessor's, or County Treasurer's offices to shutdown computers after a certain period of inactivity. As a result, unauthorized individuals could access an unattended computer and have unrestricted access to programs and data files. In addition, most computers are not locked or shutdown at the end of each work day. To help protect computer files, security controls should be implemented to shut down the system after a certain period of inactivity.

6.3 Backup data

Backup disks are not always stored at a secure off-site location. In addition, backup data is not always tested to help prevent loss of information and ensure all essential county information and computer systems can be recovered following a disaster or computer failure. While backups are prepared by the County Assessor for county assessment data, by the County Treasurer for financial data, and by the County Clerk for property tax data, only the County Treasurer periodically tests her backups. The County Clerk, who backs up her data and the County Collector's data, does not store the backups at an off-site location.

Failure to store computer backup data at a secure off-site location results in the backup data being susceptible to the same damage as the data on the computer. Preparation of backup data, preferably on a daily or at least weekly basis, periodic testing to ensure it is adequate, and off-site storage would provide increased assurance county data could be recreated if necessary.

6.4 Contingency plan

The county does not have formal emergency contingency plans and has not made formal arrangements for the use of backup facilities in the event of a disaster or other disruption of services.

Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backups under various contingencies. The major benefit of a thorough contingency plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the degree of reliance on data processing, the need for contingency planning is evident.

Recommendations

The County Commission:

6.1 Work with the County Clerk, County Collector, County Assessor, and County Treasurer to require unique user identifications and passwords for all employees.

6.2 Work with the County Clerk, County Collector, County Assessor, and County Treasurer to establish a security control requiring computers to shut down after a certain period of inactivity.

6.3 Ensure backup data is stored in a secure off-site location and tested on a regular, predefined basis.

6.4 Work with county officials to develop formal contingency plans for the various computer systems.

Auditee's Response

The County Commission provided the following written responses:

6.1 We will try to remind those offices to change passwords more often.

6.2 We spoke to the computer technician from the company that works on those offices' computers and he is helping with this situation.

6.3 The computer technician has been contacted and has assisted the County Clerk in testing the backup files and the backup data is already stored off-site. He has agreed to work with the other offices also. The Collector's data will be done by the company he uses for software.

6.4 We now have on file contingency plans from other offices and have developed a written plan of action.

The County Clerk provided the following written responses:

6.1 &
6.2 *I am working with the computer technician to set passwords and to shut down computers after a period of inactivity.*

6.3 *I was taking the backups home most of the time. Now I make sure one copy of three is with me off premises. I am testing backups at least once a week.*

6.4 *I have already gotten contingency plans from other officials.*

The County Collector provided the following responses:

6.1 *This problem has been corrected and passwords will be changed periodically.*

6.2 *We do not see the need to implement this recommendation. It is infrequent when the office is left unattended during business hours.*

6.3 *We are planning to implement the Incode Disaster Recovery Plan. Projected implementation is June 2010.*

6.4 *We have prepared a contingency plan and submitted it to the County Commission.*

The County Treasurer provided the following responses:

6.1 *I will periodically change the password.*

6.2 *Every time I leave the office, I log out of the computer system; therefore, I do not believe this control needs to be implemented in my office.*

6.4 *I will work with the County Commission to implement the proper procedures.*

The County Assessor provided the following responses:

6.1&
6.3 *We will implement these recommendations.*

6.2 *We will discuss this issue with our software provider.*

6.4 *We will discuss this issue with our software provider to determine the best plan for our office.*

Lewis County
Organization and Statistical Information

Lewis County is a county-organized, third-class county and is part of the Second Judicial Circuit. The county seat is Monticello.

Lewis 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 judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

Elected Officials and Their Compensation Paid

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

Officeholder		2010	2009
County-Paid Officials:			
Nancy Goehl, Presiding Commissioner	$		26,801
Jesse Roberts, Associate Commissioner			27,096
John Campen, Associate Commissioner			27,096
Brenda Gunlock, Recorder of Deeds			37,454
Sharon Schlager, County Clerk			37,454
Jules V. DeCoster, Prosecuting Attorney			44,737
David T. Parrish, Sheriff			45,616
Kim Porter, County Treasurer			27,716
Larry Arnold, County Coroner			11,404
Bill Murphy, Public Administrator			41,054
Robert E. (Bob) Veatch, County Collector (1), year ended February 28,		38,844	
Craig Myers, County Assessor, year ended August 31,			37,200
Jason D. Janes, County Surveyor (2)(3)			
State-Paid Officials:			
Jan E. Geisendorfer, Circuit Clerk			53,512
Fred Westhoff, Associate Circuit Judge			109,366

(1) Includes $1,390 of commissions earned from collecting drainage district taxes.

(2) Compensation on a fee basis.

(3) Appointed in April 2009 to replace Norman Ellerbrock, who was paid $1,500 in 2009.

Financing Arrangements

In July 2007, the county entered into a $147,507 lease purchase agreement for a motor grader. Principle and interest payments totaling $9,219 are due quarterly for 4 years with an interest rate of 4.85 percent. The remaining principle and interest due on the lease at December 31, 2009, was $92,192.

In May 2009, the county entered into a $78,450 lease purchase agreement for a semi-truck. Principle and interest payments totaling $4,519 are due quarterly for 4 years with an interest rate of 4 percent. The remaining principle and interest due on the lease at December 31, 2009, was $72,304.

Also in May 2009, the county entered into a $39,950 lease purchase agreement for a backhoe. Principle and interest payments totaling $5,517 are due semi-annually for 4 years with an interest rate of 4 percent. The principle and interest due on the lease at December 31, 2009, was $44,138.

The E-911 Board entered into a $215,040 lease purchase agreement in February 2003 for radio equipment including a communications control system. Principle and interest payments are due each April with an interest rate of 5 percent. The remaining principle and interest due on the lease at December 31, 2009 was $96,746.