



Office of Missouri State Auditor
Nicole Galloway, CPA

Mississippi County



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Mississippi County

Sheriff's Controls and Procedures	The Sheriff has not adequately segregated accounting duties and does not perform a documented supervisory review of detailed accounting and bank records. Sheriff's office personnel do not prepare a monthly list of liabilities and agree the total to the reconciled bank balance for the inmate account. The Sheriff's petty cash fund ledger is not updated timely, and is short \$239 because there were no paid receipts to support how the \$239 was spent.
Property Tax System	The county has not adequately restricted property tax system access. The County Commission does not approve all court orders for property tax additions and abatements. The County Commission did not approve any additions and abatements from October 2015 to February 2016. The County Clerk did not prepare or verify the accuracy of the current or delinquent tax books for the 2015 tax year.
County Collector's Controls and Procedures	The County Collector has not adequately segregated accounting duties and does not perform an adequate supervisory review of detailed accounting and bank records. The County Collector does not prepare accurate bank reconciliations. The bank reconciliation prepared for February 2016 did not include 2 outstanding checks totaling \$146, and the reconciled bank balance did not agree to the book balance. The County Collector maintains an inactive bank account with an unidentified balance of over \$4,000.
Electronic Data Security	Controls over county computers are not sufficient to prevent unauthorized access. As a result, county records are not adequately protected and are susceptible to unauthorized access. The County Collector's office has not disabled the user account of a part-time seasonal employee who has not worked in the office since January 2014.
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.

All reports are available on our Web site: auditor.mo.gov

Mississippi County

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NICOLE GALLOWAY, CPA

Missouri State Auditor

To the County Commission
and
Officeholders of Mississippi County

We have audited certain operations of Mississippi County in fulfillment of our duties under Section 29.230, RSMo. In addition, Lisa C. Wright, LLC, Certified Public Accountant, was engaged to audit the financial statements of Mississippi County for the year ended December 31, 2015. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2015. The objectives of our audit were to:

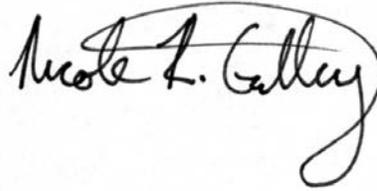
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and 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. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Mississippi County.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Keriann Wright, MBA, CPA
Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Chris Vetter, CPA
In-Charge Auditor:	Rachelle Thompson
Audit Staff:	Devin Jackson
	Margie Freeman, CPA
	Xun Chen

Mississippi County Management Advisory Report State Auditor's Findings

1. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The Sheriff's office processed approximately \$218,000 in civil and criminal process fees, bonds, prisoner board, and other miscellaneous fees during the year ended December 31, 2015.

1.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and does not perform a documented supervisory review of detailed accounting and bank records. The Office Manager is primarily responsible for all accounting duties including receiving, recording, depositing, and disbursing monies, and reconciling the fee and inmate bank accounts.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting and bank records are essential and should include comparing daily receipt activity to deposits and disbursements to supporting documentation.

1.2 Liabilities

Sheriff's office personnel do not prepare a monthly list of liabilities and agree the total to the reconciled bank balance for the inmate account. At our request, a list of liabilities was prepared as of December 31, 2015, and totaled \$7,257. Liabilities exceeded the December 31, 2015, reconciled bank balance of \$6,930 by \$327. Office personnel could not provide an explanation for the shortage.

To ensure records are in balance, identify errors timely, and ensure sufficient cash is available for payment of amounts due, liabilities should be identified monthly and reconciled to cash balances. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed.

1.3 Petty cash

The Sheriff's petty cash fund ledger is not updated timely. During a cash count performed on April 12, 2016, we counted \$331 on hand and \$140 in paid receipts, for a total of \$471. The fund's accounting ledger, which had not been updated since January 27, 2016, listed a balance of \$710. Thus, the fund is short \$239 because there were no paid receipts to support how the \$239 was spent.

To safeguard against possible loss, theft, or misuse of funds, the petty cash fund ledger should be updated after each use of petty cash. The cash on hand should be periodically counted and reconciled to the accounting ledger and any differences investigated.



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Similar conditions
previously reported
Recommendations

Similar conditions to sections 1.1 and 1.2 were noted in our prior 2 audit reports.

The Sheriff:

- 1.1 Segregate accounting duties or ensure documented independent or supervisory reviews of detailed accounting and bank records are performed.
- 1.2 Prepare a list of liabilities monthly and agree the total to the reconciled bank balance. The shortage in the account should be investigated and resolved.
- 1.3 Update the petty cash ledger timely, investigate the shortage in the petty cash fund, and periodically count and reconcile the fund to its accounting ledger.

Auditee's Response

- 1.1 *We will implement controls that will help with the accountability in accounting duties. With a small staff, this is a trying task. To date, we have implemented a procedure that has two people counting inmate money weekly. Once the money is counted both parties will sign off on the report of receipts collected (draw consolidations). Next, one will prepare the deposit and the other will physically take it to the bank. A receipt for the deposit is brought back and I will initial the receipt and it will be placed with the transactions for that date. In addition, I will begin initialing the monthly bank reconciliations. This will be a continuous process and we will continue to develop ways to improve accountability.*
- 1.2 *A monthly list of liabilities will be prepared. This will be reviewed for any errors or deficiencies. We are currently looking into the deficiency of \$327. This shortage is believed to be a result of inmate credits not being properly processed over a period of time. This is a result of inmates being reimbursed for errors in the commissary. However, the amount owed to the commissary vendor has not been reflecting the credit. As mentioned, it is a process because it has been over a span of 4 or 5 years. It is noted that reconciling monthly will solve this problem.*
- 1.3 *The petty cash fund will be reconciled more frequently. The plan is to reconcile quarterly. All receipts will be kept. In addition, any invoices paid by me that are not then reimbursed by the county will also be kept with the ledger.*



2. Property Tax System

Controls and procedures over the property tax system need improvement. For the year ended February 29, 2016, property taxes and other monies collected by the County Collector totaled approximately \$8.8 million.

2.1 Computer access

The county has not adequately restricted property tax system access. The County Collector has access rights in the property tax system that allows changes to be made to individual tax records throughout the tax year. Because the County Collector is responsible for collecting tax monies, good internal controls require the County Collector not have access rights allowing alteration or deletion of property tax billing information.

To prevent unauthorized changes to the property tax records, access should be limited based on user needs. Unrestricted access can result in the deletion or alteration of data files and programs.

2.2 Additions and abatements

The County Commission does not approve all court orders for property tax additions and abatements. During the year ended February 29, 2016, additions totaled approximately \$151,000 and abatements totaled approximately \$137,000.

The County Assessor and County Collector process additions and abatements and print a court order for review and approval by the County Commission. We reviewed 10 additions and abatements for the year ended February 29, 2016, and determined only one of the 10 court orders was approved by the County Commission. The County Commission did not approve any additions and abatements from October 2015 to February 2016.

Section 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 reviews 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.

2.3 Tax books

The County Clerk did not prepare or verify the accuracy of the current or delinquent tax books for the 2015 tax year. The County Clerk enters the property tax levies into the property tax system and extends the current and delinquent tax books. The County Collector then prints the tax books and tax statements. According to the County Clerk, he tested and verified the accuracy of the tax books in prior years but his attempts to verify the accuracy for the 2015 tax year were unsuccessful because the County Assessor and County Collector use separate computer systems that are not completely compatible. Because the County Collector is responsible for collecting property tax monies, good internal controls require that someone independent of that process be responsible for generating and testing the



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accuracy of the property tax books. A review of tax books should include verification of individual entries in the tax books and recalculating tax book totals and charges. Failure to perform adequate reviews of the tax books by an independent person may result in errors or irregularities going undetected.

Section 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 tax books, at a minimum, the accuracy of the tax books should be verified and approval of the tax book amounts to be charged to the County Collector should be documented.

Recommendations

- 2.1 The County Commission ensure property tax system access is limited to only what is needed for the users to perform their job duties and responsibilities.
- 2.2 The County Commission and the County Clerk ensure all property tax additions and abatements are properly approved and monitored.
- 2.3 The County Clerk prepare the current and delinquent tax books, or at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts to be collected. Procedures performed should be documented.

Auditee's Response

The County Commission provided the following response:

- 2.1 *The reason for the property tax system being accessible by the County Collector was due to the fact that the County Assessor and the County Collector were on two separate software systems that were not compatible. The County Assessor would only make changes to her property tax system and take a printed copy of the changes to the County Collector so the County Collector could make changes in her property tax system. The two incompatible systems created this scenario, however the County Assessor is currently soliciting proposals for new software and the County Commission has requested that it be compatible with the County Collector's software in order to avoid this situation in the future.*

The County Commission and the County Clerk provided the following response:

- 2.2 *The County Commission and the County Clerk have no knowledge of when changes are made to data in the property tax system unless the County Assessor or the County Collector provides information that changes were made. That information is normally provided via*



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a printed report brought to the County Clerk's office from the County Assessor's office and subsequently presented to the County Commission for approval. When those reports are not brought to the County Clerk's office for presentation to the County Commission, there is no way of knowing that any changes were made in the system. There was a period of several months toward the end of 2015 to the beginning of 2016 when no reports were brought from the County Assessor's office to the County Clerk's office for presentation to the County Commission, therefore there was a breakdown in the process. The County Assessor has since been advised to bring all reports of additions and abatements to the County Clerk's office on a timely basis for approval by the County Commission.

The County Clerk provided the following response:

2.3 *The County Clerk has made attempts to reconcile the tax books and will continue to perform the activities required by law, with regard to the tax books, insofar as practicability is concerned. The County Clerk maintains an account book on the County Collector as a system of checks and balances. At the end of the tax year, the credits given in the County Clerk's account book each month to the County Collector for collections is deducted from the amount charged at the beginning of the year to arrive at a delinquent tax total, adjusted for additions and abatements. At the end of the tax year, the County Collector provides the County Collector's annual settlement to the County Clerk for reconciling the annual settlement to his account book to ensure the two balance. For the 2015 tax year, the County Clerk made numerous attempts to balance with the County Collector's annual settlement but was unable to do so in some categories and his workpapers were provided to the auditors to evidence his attempts. Upon notification that some categories did not balance, the County Collector provided some untimely explanations as to why this occurred.*

3. County Collector's Controls and Procedures

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

3.1 Segregation of duties

The County Collector has not adequately segregated accounting duties and does not perform an adequate supervisory review of detailed accounting and bank records. All employees receive and record monies in the property tax system and are responsible for preparing deposits for receipts they collect. The County Collector does not perform routine detailed reviews of



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employee deposits or compare receipt records to deposits to ensure all monies received were deposited.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, and depositing monies. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting and bank records are essential and should include comparing daily receipt activity to deposits.

3.2 Bank reconciliations and liabilities

The County Collector does not prepare accurate bank reconciliations. The bank reconciliation prepared for February 2016 did not include 2 outstanding checks totaling \$146, and the reconciled bank balance did not agree to the book balance because of an error in the daily cash balance ledger. The County Collector uses the cash receipts register log as a list of liabilities, but the list was not compared with the reconciled bank balance. As of February 29, 2016, the County Collector's reconciled bank balance was \$276,511 and the list of liabilities totaled \$274,489, resulting in an unidentified balance of \$2,022.

Preparing accurate monthly bank reconciliations helps ensure records are accurate and increases the likelihood errors will be identified. Regular comparison of liabilities to the reconciled bank balance is necessary to ensure records are in balance, monies are available to satisfy all liabilities, and monies are disbursed timely. Differences must be adequately investigated and explained. Various statutory provisions provide for the disposition of unidentified monies.

A similar condition was noted in our prior audit report.

3.3 Inactive bank account

The County Collector maintains an inactive bank account. As of February 29, 2016, the bank account balance was \$4,167 and the County Collector did not know to whom this money is owed.

Maintaining an inactive account increases the risk of loss, theft, or misuse of funds. If how to distribute this money cannot be determined, the County Collector should dispose of it in accordance with state law and close the account.

Recommendations

The County Collector:

- 3.1 Segregate accounting duties or ensure documented supervisory reviews of detailed accounting and bank records are performed.



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- 3.2 Prepare complete and accurate monthly bank reconciliations, agree the list of liabilities to the reconciled bank balance monthly, and promptly investigate any differences. After sufficient efforts are made to resolve differences, any remaining unidentified monies should be disposed of in accordance with state law.
- 3.3 Dispose of monies held in the inactive bank account in accordance with state law and close the account.

Auditee's Response

- 3.1 *We will implement the recommendation.*
- 3.2 *We have implemented the recommendation. We are currently investigating the unidentified balance.*
- 3.3 *We are in the process of disposing these monies. As of September 30, 2016, the balance in the account was \$929.*

4. Electronic Data Security

Controls over county computers are not sufficient to prevent unauthorized access. As a result, county records are not adequately protected and are susceptible to unauthorized access. Although the County Commission has established a computer security control policy as of January 2016 that addresses user passwords, computer inactivity, logon failures, data storage, and contingency plans, we noted multiple offices still had not established adequate computer controls.

4.1 Passwords

The County Collector and County Assessor have not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees in these offices are not required to change passwords periodically to help ensure passwords remain known only to the assigned user. In addition, passwords are not kept confidential in the County Collector or Prosecuting Attorney's offices. In the County Collector's office, user IDs and passwords are stored in the vault where all employees have access to them. In the Prosecuting Attorney's office, an office clerk maintains an envelope containing the user IDs and passwords of all office employees. Also, the County Assessor office employees use the same ID and password for the office's primary computer program.

Passwords are required to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, since passwords in some offices do not have to be periodically changed and are not always kept confidential, there is less assurance passwords are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be confidential and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.



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

4.2 User access

The County Collector's office has not disabled the user account of a part-time seasonal employee who has not worked in the office since January 2014. Without effective procedures to remove user access, unauthorized individuals could have access to confidential data and other sensitive resources.

Recommendations

The County Commission work with other county officials to:

- 4.1 Require confidential passwords for each employee that are periodically changed to prevent unauthorized access to the county's computers and data.
- 4.2 Ensure accounts of former employees are promptly disabled to prevent unauthorized access to county data.

Auditee's Response

The County Commission provided the following responses:

- 4.1 *The County Commission will communicate with other county officials on the subject of computer security and request that employee passwords be changed periodically to enhance computer security to prevent unauthorized access to the county's computers and data.*
- 4.2 *The County Commission will communicate with other county officials on the subject of computer security and request that accounts of former employees be promptly disabled upon separation from the county in order to prevent unauthorized access to the county's computers and data.*

The County Collector provided the following response:

- 4.2 *We will contact our computer programmer to disable the account.*

Mississippi County

Organization and Statistical Information

Mississippi County is a county-organized, third-class county. The county seat is Charleston.

Mississippi 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. The county employed 67 full-time employees (including elected officials) and 16 part-time employees on December 31, 2015.

In addition, county operations include the Senate Bill 40 Board 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	2016	2015
Carlin Bennett, Presiding Commissioner	\$	29,720
Darrell Jones, Associate Commissioner		27,720
Mitch Pullen, Associate Commissioner		27,720
George Bays, Recorder of Deeds		42,000
Hubert DeLay Jr., County Clerk (1)		60,200
Darren Cann, Prosecuting Attorney		134,388
Keith Moore, Sheriff		46,200
Sandra B. Morrow, County Treasurer (2)		42,510
Terry A. Parker, County Coroner		12,600
Julie Summers-Day, Public Administrator		42,000
Ann McCuiston, County Collector (3), year ended February 29,	56,780	
Lisa Finley-Norton, County Assessor, year ended August 31,		42,000

- (1) Includes \$18,200 annual compensation for additional administrative services to the County Commission.
- (2) Includes \$510 of commissions earned for maintaining the accounts for the Drainage Districts.
- (3) Includes \$15,641 of commissions earned for collecting drainage and city property taxes.