



Office of Missouri State Auditor
Nicole Galloway, CPA

FOLLOW-UP REPORT ON AUDIT FINDINGS

Douglas County

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Douglas County

Follow-Up Report on Audit Findings

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*Includes selected findings



NICOLE GALLOWAY, CPA **Missouri State Auditor**

To the County Commission
and
Officeholders of Douglas County

We have conducted follow-up work on certain audit report findings contained in Report No. 2016-012, *Douglas County* (rated as Poor), issued in March 2016, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the county about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
 - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
 - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
 - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
 - Not implemented: Auditee has not implemented the recommendation and has no specific plans to implement the recommendation.

Our methodology included working with the county, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed documentation provided by county officials and held discussions with officials to verify the status of implementation for the recommendations. Documentation provided by the county included personnel policies, bank statements and reconciliations, receipts and disbursement records, and various other financial records. This report is a summary of the results of this follow-up work, which was substantially completed during October 2016.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA
State Auditor

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Status of Findings

1. County Procedures Controls and procedures over fuel use and personnel policies needed improvement.

1.1 Fuel use The county lacked adequate procedures to account for fuel use by the road and bridge department and the Sheriff's office. Mileage and fuel logs were not maintained for the road and bridge department's vehicles and equipment, and none of the 7 portable tanks used by department employees were metered. Sheriff's office employees did not always enter the odometer reading on fuel logs maintained or use them to reconcile to fuel purchases.

Recommendation The County Commission require mileage and fuel logs be maintained for road and bridge department vehicles and equipment. The County Commission should work with the Sheriff to ensure odometer readings are entered on the fuel logs, and these logs are reviewed for accuracy and reconciled to fuel purchases.

Status **Partially Implemented**
Mileage and fuel logs are now maintained for road and bridge department vehicles and equipment. The bulk fuel logs list the amount of fuel pumped into the 7 portable tanks; however, these tanks are not metered and the amount of fuel used from them is not monitored. Sheriff's office employees reconciled the fuel logs to fuel purchases for the month of August 2016; however, the odometer reading was not always entered on the logs.

1.2 Personnel policies The county's personnel policy did not address the maximum amount of compensatory time emergency personnel were allowed to accrue and did not define which employees are considered emergency personnel. Two road and bridge employees had accrued excessive compensatory balances that were above the limits of both the county and Fair Labor Standards Act (FLSA) policies. The road and bridge supervisor directly supervised his son, and the county's personnel policy did not address employment of related individuals. The county's personnel policy was not in compliance with the Family and Medical Leave Act (FMLA). The county's personnel policy indicated an expectant mother could have up to 6 weeks leave without pay for maternity leave and could also use accrued vacation and sick leave, but did not refer to the FMLA or address the 12 weeks of job protected leave required by the FMLA.

Recommendation The County Commission revise the personnel policies to adequately address compensatory time, related employees, and maternity leave.



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Status

In Progress

The County Commissioners indicated they have been reviewing personnel policies of 3 neighboring counties and plan to revise the county's personnel policies to address these issues by the end of 2016.

2. Electronic Data Security

Controls over county computers were not sufficient to prevent unauthorized access.

2.1 Passwords

The County Collector, County Assessor, County Clerk, Recorder of Deeds, and Sheriff had not established adequate password controls to reduce the risk of unauthorized access to computers and data. Employees in these offices were not required to change passwords periodically to help ensure passwords remain known only to the assigned user.

Recommendation

The County Commission work with other county officials to require confidential passwords for each employee that are periodically changed to prevent unauthorized access to the county's computers and data.

Status

In Progress

The County Collector, County Clerk, and Sheriff now require confidential passwords for each employee that are periodically changed. The County Assessor and Recorder of Deeds also now require confidential passwords for their employees; but have not required the passwords be changed periodically. The County Assessor is in the process of implementing new software in her office and indicated she would work with her computer programmer to require passwords be changed periodically. The Recorder of Deeds indicated she would work with her computer programmer to require passwords be changed periodically.

2.2 Security controls

Security controls were not in place to lock computers in some county offices after a specified number of incorrect logon attempts or after a certain period of inactivity.

Recommendation

The County Commission work with other county officials to require each county computer to have security controls in place to lock it after a specified number of incorrect logon attempts or after a certain period of inactivity.

Status

In Progress

The County Clerk and Sheriff now require each computer in their offices to lock after a specified number of incorrect logon attempts and after a certain period of inactivity.

The County Assessor and County Collector now require each computer in their offices to lock after a specified number of incorrect logon attempts, but



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that control has not been established for a certain period of inactivity. The County Assessor is in the process of implementing new software in her office and indicated she will work with her computer programmer to require this security control. The County Collector indicated she would work with her computer programmer to require this security control.

The Recorder of Deeds' computer does not lock after a specified number of incorrect logon attempts or after a certain period of inactivity. The Recorder of Deeds indicated she would work with her computer programmer to require these security controls.

3. Prosecuting Attorney's Controls and Procedures Controls and procedures in the Prosecuting Attorney's office needed improvement.

3.1 Segregation of duties The Prosecuting Attorney had not adequately segregated accounting duties or performed supervisory reviews of accounting records. Additionally, a legal assistant also had the ability to record adjustments to defendant accounts in the computerized accounting system without independent approval. The Prosecuting Attorney did not perform a documented supervisory review of the accounting records to ensure all monies received were properly recorded and deposited or disbursed to the appropriate party.

Recommendation

The Prosecuting Attorney adequately segregate accounting duties or ensure supervisory reviews of accounting records are performed and documented. In addition, the Prosecuting Attorney should require a supervisory review and approval for all accounting adjustments.

Status

Partially Implemented

The Prosecuting Attorney indicated accounting duties cannot be adequately segregated because of limited staff. However, he documented his supervisory review of the September 2016 bank statement and reconciliation, and indicated he reviews each case file before signing checks issued. A report of all adjustments made to the computerized accounting system is not generated or reviewed.

3.2 Deposits

Monies received were not deposited timely.

Recommendation

The Prosecuting Attorney ensure receipts are deposited timely.

Status

Not Implemented

Depositing procedures did not change, and monies received during September 2016 were not deposited timely. Three deposits occurred during that month, and each deposit exceeded \$1,000.



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3.3 Liabilities

The Prosecuting Attorney did not reconcile the list of liabilities to the reconciled bank balance, and had not investigated and resolved any differences.

Recommendation

The Prosecuting Attorney reconcile the list of liabilities to the reconciled bank balance, promptly investigate any differences, and dispose of unidentified monies in accordance with state law.

Status

In Progress

The Prosecuting Attorney reconciled the list of liabilities to the September 30, 2016, reconciled bank balance. The reconciled bank balance was \$1,672, while the list of liabilities totaled \$591, resulting in \$1,081 in unidentified monies in the account. The amount of unidentified monies has decreased from \$1,465 during the audit. The Prosecuting Attorney indicated office personnel will continue trying to identify who is owed the unidentified monies and will dispose of applicable monies in accordance with state law, if a payee cannot be located.

3.4 Disbursement of restitution

Restitution was not always timely disbursed to victims.

Recommendation

The Prosecuting Attorney ensure timely disbursement of restitution monies.

Status

Implemented

The Prosecuting Attorney indicated his office is working to ensure timely disbursement of restitution to victims. The list of liabilities for September 2016, identified \$591 being held for 11 cases. The Prosecuting Attorney had documented reasons for holding money on these cases. Total liabilities had decreased from the approximately \$5,200 held during the audit.

4. Public Administrator's Controls and Procedures

Controls and procedures in the Public Administrator's office needed improvement.

4.1 Annual settlements

Some annual settlements prepared by the Public Administrator's office were not adequately detailed. The source of receipts and the payee for several disbursements was not adequately or accurately documented. In addition, the Circuit Court, Probate Division, did not perform sufficient reviews of the activity of cases assigned to the Public Administrator. Bank statements and canceled checks were not filed with the court for some annual settlements reviewed and approved by the Circuit Court, Probate Division. The Public Administrator did not file supporting documentation, such as invoices with the Circuit Court, Probate Division, when filing annual settlements.



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Recommendation

The Public Administrator prepare annual settlements that adequately detail and report all receipts and disbursements. In addition, the Circuit Judge, Probate Division, should establish procedures to adequately monitor the activity of all cases assigned to the Public Administrator, and require supporting documentation such as bank statements, canceled checks, and invoices to be filed with the court.

Status

Partially Implemented

The Public Administrator did not participate in the follow-up report.

During our review of an annual settlement selected and documentation provided by the court, we noted the annual settlement reviewed accurately included the source of receipts and the payee for disbursements. Bank statements and canceled checks were included with the annual settlement reviewed; however, no invoices were filed with this annual settlement. The Circuit Judge, Probate Division, indicated expenses of the estate reviewed were routine in nature and did not warrant invoices being filed with the court. The Circuit Judge, Probate Division, indicated she will require invoices to be filed if there are disbursements for unusual amounts.

4.2 Filing of annual settlements

The Public Administrator did not always file annual settlements timely. In addition, the clerk of the Circuit Court, Probate Division, did not timely notify the Public Administrator of the deadline for an annual settlement.

Recommendation

The Public Administrator ensure annual settlements are timely filed. In addition, the Circuit Court, Probate Division, should timely notify the Public Administrator of annual settlement deadlines and follow up on annual settlements that are not filed by the required date.

Status

Partially Implemented

The Public Administrator did not timely file 2 of 3 annual settlements reviewed. One settlement was filed 2 months late and the other was filed 6 months late. The Circuit Court, Probate Division, is currently tracking annual settlement deadlines using a manual system, and had timely notified the Public Administrator of these annual settlement deadlines. The Circuit Judge, Probate Division, indicated the Public Administrator is retiring at the end of her term in December 2016, and that she would work with the new Public Administrator to ensure annual settlements were filed timely.

4.3 Disbursements

The Public Administrator's handling of transactions involving a ward living in Florida needed improvement. The Public Administrator lacked adequate documentation showing the ward or others accepting payment on behalf of the ward received gift cards, a phone, and a check. The Public Administrator indicated she mailed gift and phone cards and the phone to the ward through standard mail.



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Recommendation

The Public Administrator obtain and retain documentation supporting monies or other items of value provided to a ward. If such items have to be sent to a ward, using a method that will track delivery of the items should be considered.

Status

Implemented

During our review of this ward's annual settlement for the period October 2014 to October 2015, we noted the use of gift cards was discontinued and saw no purchases of phones or other personal items that would have been mailed to the ward. The Public Administrator mailed checks to the ward; however, the ward endorsed each check and the transactions looked appropriate. The Circuit Judge, Probate Division, indicated that if another situation arose where items were mailed to the ward, the court would obtain and retain adequate supporting documentation and ship items using a method that would track delivery.

5. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office needed improvement.

5.1 Bank reconciliations and liabilities

Sheriff's office personnel had not prepared monthly bank reconciliations or a list of liabilities for the civil fee bank account. In addition, a list of liabilities was not prepared and reconciled to the general fee account bank reconciliation.

Recommendation

The Sheriff perform monthly bank reconciliations and prepare monthly lists of liabilities for all accounts and compare lists of liabilities to the available cash balances, and promptly investigate and resolve differences.

Status

Partially Implemented

Sheriff's office personnel indicated they prepare bank reconciliations monthly. The August 2016 bank reconciliation prepared for the civil fee bank account was not accurate and included \$355 in deposits in transits that had cleared the bank or were accounting errors. Sheriff's office personnel also prepared a list of liabilities for the month of August 2016, but did not reconcile it to the available cash balance. After adjusting for the deposits in transits errors, the August 31, 2016, reconciled bank balance for the civil fee account was \$1,443, while the list of liabilities totaled \$789, resulting in a difference of \$654. The August 31, 2016, reconciled bank balance for the general fee account was \$529. A list of liabilities was not prepared. Sheriff's office personnel indicated the differences would be investigated.

5.2 Deposits

Monies received were not deposited timely. Deposits were typically made weekly into the general and civil fee bank accounts.



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Recommendation

The Sheriff ensure receipts are deposited timely.

Status

Implemented

Sheriff's office personnel indicated they are trying to make deposits more timely. During our review of some receipts collected in August 2016, we noted deposits to both bank accounts occurred within 1 to 3 business days after monies were received.

5.3 Seized property

A physical inventory of seized property had not been performed, and seized property records included all seized property and did not document what property items were currently on hand, had been returned to owners, or destroyed. In addition, some seized property had been held for years with some items dating back to at least 2006.

Recommendation

The Sheriff ensure a periodic inventory is conducted and reconciled to the seized property records, and investigate any differences. The Sheriff should also maintain seized property records that document the seized property on hand and the disposition of any seized property, and make timely and appropriate dispositions of seized property.

Status

In Progress

The Sheriff indicated the evidence officer is currently conducting an inventory of seized property. He anticipates it will take a while to complete the inventory due to limited staff, and will update the seized property records as the inventory occurs. The Sheriff indicated he is working with the Prosecuting Attorney and the Associate Circuit Court Judge to dispose of seized property. Requests for disposal of seized property forms for 11 cases were approved by the Prosecuting Attorney and the Associate Circuit Court Judge in August 2016.

6. County Collector's Receipts and Deposits

County Collector's office personnel did not always record the method of payment accurately in the property tax system, and the composition of receipts was not reconciled to the composition of deposits. In addition, the property tax system reduced the total cash amount collected on the collection reports for overpayments and subsequent refunds. Since the cash amount was reduced, the total cash amount received did not agree to the total cash amount deposited. The County Collector did not deposit monies timely. Deposits were generally only made weekly for some months.

Recommendation

The County Collector accurately record the method of payment, reconcile the composition of receipts to the composition of deposits, and deposit monies intact and timely. The County Collector should also consider working with the tax system programmer to implement changes to the system that will allow overpayments and refunds to be properly recorded in the property tax system.



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Status

Implemented

The County Collector improved procedures related to reconciling the composition of receipts to the composition of deposits. During our review of accounting records for 5 days in September and October 2016, the County Collector accurately recorded the method of payment and reconciled the composition of receipts to the composition of deposits. Depositing procedures improved. During September 2016, most deposits were made 1 to 3 business days from the date of the receipt. The County Collector indicated she discussed implementing changes to the system that will allow overpayments and refunds to be properly recorded in the property tax system with the system programmer, but the programmer indicated no changes could be made. The County Collector now manually documents overpayments and refunds on her daily collection reports and uses the information when reconciling the composition of receipts to the composition of deposits.

7. Recorder of Deeds'
Controls and Procedures

Controls and procedures in the Recorder of Deeds' office needed improvement.

7.1 Bank reconciliations
and liabilities

Bank reconciliations and lists of liabilities had not been prepared for office bank accounts since October 2013. The Recorder of Deeds maintained a fee account for the deposit of all monies received, except for federal and state tax liens, which were deposited in a separate bank account. Deposits were not recorded in the check register and a running balance was not maintained for the fee account. The Recorder of Deeds had not disbursed any of the monies collected for federal and state tax liens since December 31, 2013, and did not maintain a check register for this account.

Recommendation

The Recorder of Deeds perform monthly bank reconciliations and prepare monthly lists of liabilities for all accounts, and compare the list of liabilities to available cash balances, and promptly investigate and resolve differences. The Recorder of Deeds should also turn over federal and state tax lien fees to the County Treasurer.

Status

Partially Implemented

The federal and state tax lien account was closed in December 2015, and the Recorder of Deeds transferred the \$645 balance to the fee account. The Recorder of Deeds has turned over a portion of the federal and state tax lien fees to the County Treasurer; however, supporting documentation of all the monies turned over could not be provided. The Recorder of Deeds is now preparing bank reconciliations monthly. The September 30, 2016, reconciled bank balance for the fee account was \$230; however, a list of liabilities was not prepared. The Recorder of Deeds indicated most of the monies on hand were federal and state tax lien fees; however, documentation to support amounts on hand could not be provided. Some



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differences between the reconciled bank balance and liabilities still exist; however, the Recorder of Deeds indicated she is working to resolve those differences. A running balance is now maintained for the fee account; however, deposits are still not recorded in the check register as they occur.

7.2 Deposits

Monies received were not deposited timely.

Recommendation

The Recorder of Deeds ensure receipts are deposited timely.

Status

Implemented

The Recorder of Deeds improved the depositing procedures. During our review of September 2016 accounting and bank records, receipts were deposited within 3 business days of receipt.

7.3 Transaction numbers

The Recorder of Deeds did not account for the numerical sequence of transaction numbers assigned by the computerized accounting system.

Recommendation

The Recorder of Deeds account for the numerical sequence of all transaction numbers.

Status

Not Implemented

At the time of our follow-up meeting, the Recorder of Deeds had not taken any steps to implement this recommendation. The Recorder of Deeds indicated she would start accounting for the numerical sequence of all transaction numbers in the future.