



Office of Missouri State Auditor
Nicole Galloway, CPA

Livingston County



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Livingston County

Electronic Data Security

The county has not established adequate controls over county computers. The County Collector-Treasurer, Sheriff, Prosecuting Attorney, Recorder of Deeds, Public Administrator, and the County Assessor have not established adequate password controls to reduce the risk of unauthorized access to computers and data. In addition, the Prosecuting Attorney and all employees in the office share a user account and password to access an office computer. The County Collector-Treasurer, Sheriff, Prosecuting Attorney, County Assessor, and the County Clerk do not have security controls in place to lock computers after a certain period of inactivity. Security controls are not in place to lock computers after a certain number of incorrect logon attempts in any county office.

In the areas audited, the overall performance of this entity was **Good**.*

*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

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NICOLE GALLOWAY, CPA

Missouri State Auditor

To the County Commission
and
Officeholders of Livingston County

We have audited certain operations of Livingston County in fulfillment of our duties under Section 29.230, RSMo. In addition, Stopp & VanHoy, Certified Public Accountants and Business Advisors, LLC, has been engaged to audit the financial statements of Livingston County for the 2 years ended December 31, 2016. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2016. The objectives of our audit were to:

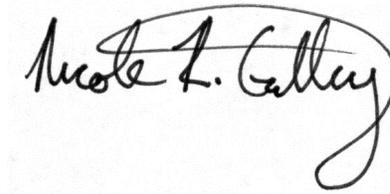
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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 control, (2) no significant noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our finding arising from our audit of Livingston 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:

Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Lori Melton, M.Acct., CPA
In-Charge Auditor:	Julie A. Moulden, MBA, CPA
Audit Staff:	Susan D. Mason, CPA Austin T. Olson

Livingston County Management Advisory Report State Auditor's Findings

1. Electronic Data Security

The county has not established adequate controls over county computers. As a result, county records are not adequately protected and are susceptible to unauthorized access.

1.1 Passwords and user names

The County Collector-Treasurer, Sheriff, Prosecuting Attorney, Recorder of Deeds, Public Administrator, and the 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, the Prosecuting Attorney and all employees in the office share a user account and password to access an office computer.

Passwords are required to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, since passwords do not have to be periodically changed and/or are shared by employees, 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 compromised password and unauthorized access to and use of computers and data.

1.2 Security controls

The County Collector-Treasurer, Sheriff, Prosecuting Attorney, County Assessor, and the County Clerk do not have security controls in place to lock computers after a certain period of inactivity. Security controls are not in place to lock computers after a certain number of incorrect logon attempts in any county office.

Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs and data files. Logon attempt controls lock the capability to access a computer after a specified number of consecutive invalid logon attempts and are necessary to prevent unauthorized individuals from continually attempting to logon to a computer by guessing passwords. Without effective security controls, there is an increased risk of unauthorized access to computers and the unauthorized use, modification, or destruction of data.

Similar conditions previously reported

Similar conditions were noted for the County Collector-Treasurer in our prior audit report, *Livingston County Collector-Treasurer and Property Tax System*, Report No. 2014-52, issued in July 2014.

Recommendations

The County Commission work with county officials to:

- 1.1 Require confidential passwords for each employee that are periodically changed to prevent unauthorized access to the county's computers and data.



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Management Advisory Report - State Auditor's Findings

- 1.2 Require county computers to have security controls in place to lock the computer after a certain period of inactivity and a specified number of incorrect logon attempts.

Auditee's Response

The County Commission provided the following response:

We agree and are in the process of implementing these recommendations. We have contacted the county technology contractor to update county computers to require passwords be changed every 90 days and lock county computers after 15 minutes of inactivity and 5 incorrect logon attempts. In addition, we will update the county personnel policy to require county employees keep passwords confidential when required.

The Prosecuting Attorney provided the following response:

In addition to implementing the recommendations as the County Commission has indicated, in August, my office will be implementing the Karpel system, which requires a separate user account and password for each user.

Livingston County

Organization and Statistical Information

Livingston County is a township-organized, third-class county. The county seat is Chillicothe.

Livingston 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 bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. In addition to elected officials, the county employed 26 full-time employees and 4 part-time employees on December 31, 2016. The townships maintain county roads.

In addition, county operations include a Senate Bill 40 Board and a Senior Citizens Services Board.

Elected Officials

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

Officeholder	2017	2016
Ed Douglas, Presiding Commissioner	\$	34,725
Ken Lauhoff, Associate Commissioner		32,725
Todd Rodenberg, Associate Commissioner		32,725
Kelly Christopher, Recorder of Deeds		49,010
Sherry Parks, County Clerk		49,010
Adam L. Warren, Prosecuting Attorney		69,891
Steve Cox, Sheriff		53,799
J. Scott Lindley, County Coroner		15,482
Sherry Parks, Public Administrator		49,010
Paula McCoy, County Collector-Treasurer (1), year ended March 31,	58,146	
Steve Ripley, County Assessor year ended August 31,		48,689

(1) Includes \$8,891 of commissions earned for collecting city property taxes.

New sales tax

In April 2017, county voters approved an additional 1/2-cent general sales tax.