

The seal of the State Auditor of Missouri is circular. It features a central figure holding a scale and a sword, with a star above. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom.

**Nicole Galloway, CPA**

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**Missouri State Auditor**

**Clay County**

**County Clerk**

Report No. 2020-018

April 2020

[auditor.mo.gov](http://auditor.mo.gov)



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Clay County - County Clerk

### Accounting Controls and Procedures

The County Clerk's office accounting controls and procedures for receipting, recording, and transmitting fees need improvement. The County Clerk's office does not account for the numerical sequence of cash register receipt slips and does not retain receipt slips produced by the cash register for non-sale transactions or voided transactions. The County Clerk's office did not always transmit receipts timely to the County Treasurer and personnel do not restrictively endorse checks immediately upon receipt.

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.

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## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

County Clerk  
Clay County, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit Clay County. We have audited certain operations of the Clay County Clerk in fulfillment of our duties. The county engaged RSM US LLP to audit the county's financial statements for the year ended December 31, 2018. To minimize duplication of effort, we reviewed the firm's audit report for the year ended December 31, 2017, since the report for the year ended December 31, 2018, had not been completed. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2018. The objectives of our audit were to:

1. Evaluate the County Clerk's internal controls over certain management and financial functions.
2. Evaluate the County Clerk's compliance with certain legal provisions.

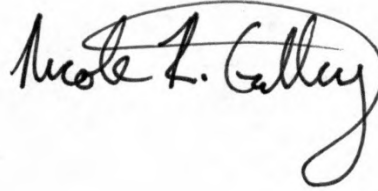
Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit 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 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 Clerk and was not subjected to the procedures applied in our audit of the County Clerk.

For the areas audited, we identified (1) deficiencies in internal controls and (2) no significant noncompliance with legal provisions. The accompanying Management Advisory Report presents our findings arising from our audit of the Clay County Clerk.

Additional audit reports of various elected officials and Clay County as a whole are still in process, and any additional findings and recommendations will be included in subsequent reports.

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:	Kelly Davis, M.Acct., CPA, CFE
Audit Managers:	Pamela Allison, CPA, CFE
	John Lieser, CPA
In-Charge Auditor:	Robert McArthur II, CFE
Senior Auditors:	Joy Stevens, MAcc, CFE, CGAP
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Clay County  
County Clerk  
Management Advisory Report - State Auditor's Finding

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**Accounting Controls  
and Procedures**

The County Clerk's office accounting controls and procedures for receipting, recording, and transmitting fees need improvement.

The County Clerk's office collects fees for various permits and applications for notary public commissions. Office personnel record receipts in a computerized system and periodically transmit receipts to the County Treasurer. Before recording notary fees in the computerized system, office personnel record the fees upon receipt in a cash register that assigns a sequential number to each cash register transaction.

Fees collected by the County Clerk's office totaled approximately \$303,000 and \$435,000 during the years ended December 31, 2018, and 2019, respectively. Included in those totals are notary fees, which averaged approximately \$4,600 annually during this 2-year period.

Accounting for receipts

The County Clerk's office does not account for the numerical sequence of cash register receipt slips and does not retain receipt slips produced by the cash register for non-sale transactions or voided transactions. Non-sale transactions often occur when office personnel use the cash register drawer to hold monies received for permit fees that are not receipted through the cash register. During our January 7, 2020, cash count, 1 cash register receipt slip could not be accounted for, and 21 of 54 (39 percent) cash register receipt slips tested from June 4 through June 19, 2019, could not be accounted for.

Untimely transmittal

The County Clerk's office did not always transmit receipts timely to the County Treasurer. For 3 transmittals tested from June 7 to June 21, 2019, totaling \$37,388, receipts totaling \$6,147 were held more than one week before transmittal to the County Treasurer. An official from the County Clerk's office stated the delays may have been due to the office being short-staffed during that period.

Endorsement of checks

County Clerk's office personnel do not restrictively endorse checks immediately upon receipt. During our January 7, 2020, cash count, we noted 7 checks received between December 31, 2019, and January 6, 2020, totaling \$564, had not been endorsed. While the County Clerk's office maintains an endorsement stamp, office personnel indicated they do not endorse checks until transmitting the checks to the County Treasurer for deposit.

Conclusion

Failure to implement adequate receipting, recording, and transmitting procedures increases the risk that loss, theft, or misuse of monies could occur and go undetected. To reduce this risk, procedures should be established to ensure all monies are properly and promptly receipted, recorded and accounted for, and transmitted. In addition, checks should be restrictively endorsed upon receipt.



Clay County  
County Clerk  
Management Advisory Report - State Auditor's Findings

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**Recommendation**

The County Clerk ensure the numerical sequence of cash register receipt slips is accounted for properly, transmit receipts timely to the County Treasurer, and restrictively endorse all checks upon receipt.

**Auditee's Response**

*The County Clerk's Office has already adopted these additional preventive measures to further reduce the chance of something negative happening in the office. We thank the State Auditor and her team for their recommendations and look forward to assisting them in completing the citizen-mandated audit of Clay County.*

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# Clay County County Clerk Organization and Statistical Information

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The County Clerk collects fees related to the 1) issuance of licenses for liquor, amusement and fireworks, auctioneer, and wrecking and towing, and 2) processing of applications for notary public commissions. In addition, the County Clerk processes accounts payable for Clay County, bills railroad and utility companies, maintains records of the Clay County Commission, and performs secretarial duties for the Board of Equalization.

Megan Thompson, County Clerk, began serving her second 4-year term effective January 1, 2019. She received a salary of \$77,106 for the year ended December 31, 2018. The County Clerk's office employed 2 deputy clerks on December 31, 2018, and hired a third deputy clerk in March 2019 to help with 2019 Board of Equalization property tax assessment appeals.