
STATE AUDIT STATUS REPORT

October 2022 Update

On March 2, 2022 Missouri State Auditor Nicole Galloway presented the results of the citizen initiated audit of Clay County operations. The Audit noted 27 recommendations for consideration. This report provides a brief status report on each of the State Auditor's recommendations.

As the State Audit Status Report Dashboard reflects, 22 recommendations have been addressed and resolved. The 22 resolved issues will have on-going reviews to ensure the policy/process remains current and applicable. Work is currently underway on 5 of the recommendations.

The State Audit Status Report will be updated bi-annually. If there are any questions about the information presented in this report please contact the County Administrator's Office.

1. ANNEX PROJECT

Commission openly discuss and maintain adequate documentation to support decisions, follow procurement policy, involve all commissioners in approval of significant contracts.

The current County Commission has terminated the annex project. The County is committed to adhering to the procurement policy and transparency in the development of public policy and County operations.

2. ADDITIONAL COMPENSATION

2.1 Refrain from entering into automatically renewing employment contracts and separation agreements with additional severance amounts, and consider the necessity of severance payments.

County Commission enters into agreements, including employment agreements, which are fair, appropriate, and in the best interest of Clay County and its citizens. The Commission takes action on agreements, including employment

agreements, in its regular business sessions which are open to the public.

2.2 If housing for county employees is considered necessary, establish a county housing policy.

County houses were immediately evacuated by personnel, and two of the five structures have been demolished. The remaining facilities are currently utilized for County operations. In the future, should facilities be utilized for employee housing, a formal agreement will be initiated and considered at a regular business session of the County Commission which is open to the public. Future agreements will address any IRS regulations regarding employee housing.

3. CLOSED MEETINGS

Maintain complete minutes for all closed meetings and ensure only topics allowed by state law are discussed in closed meetings.

The County operates in compliance with Missouri's Sunshine Law, maintains minutes for closed meetings, and only discusses topics authorized by Missouri law.

4. PERSONNEL AND PAYROLL CONTROLS & PROCEDURES

4.1 Ensure the compensation for all county employees is approved in the annual pay plan and documentation of COLA increases for all county employees are maintained.

Human Resources has documented modifications to the Adopted Pay Plan. Documentation of COLA increases for county employees are adequately and appropriately maintained.

4.2 Ensure employment changes are timely approved.

Human Resources has implemented internal procedures to increase the efficiencies in the approval process, of which includes approving and processing only those employment change requests submitted in a timely manner.

4.3 Ensure documented performance appraisals are performed in accordance with the established policy or modify the policy.

Human Resources understands the positive impact that training and access to training materials can be to the County's Leadership. The new Supervisor Training program will launch in November 2022 and ongoing training will be conducted on a regular schedule to include new manager/supervisors.

5. COUNTY CONTRACTING & PAYMENT PROCEDURES

5.1 Ensure amounts paid on cooperative and term and supply contracts are verified per contract terms and adequate supporting documentation is maintained to support those payments. In addition, use change orders and maintain documentation for all significant project changes.

The Purchasing Department is and has been proactively identifying opportunities to share specific ordinances, statutes, and/or Best Practices that further highlight the roles and responsibilities associated with the placement of orders utilizing cooperatives as procurement authority. Future roundtable discussions with Leadership and Purchasing Partners have been conducted and scheduled to ensure Best Practices are communicated to everyone. A digital document has also been made available to Purchasing Partners that reference frequently used countywide cooperatives, ensuring the most timely information is being published and communicated as efficiently as possible.

5.2 Enter into written contracts timely.

The Purchasing Department has reviewed Process and Procedures and has the utmost confidence that all contracts that follow the Procurement process, as established in Section 37.39 of the Clay County Code of Ordinances, will be entered into in a timely process. The Leadership of the County understand the Code of Ordinances (Section 37.39) as it pertains to Professional Services and is committed to complying with the policies and incorporating Procurement Best Practices into their procurement process

5.3 Ensure sufficient documentation is provided to properly monitor contracts and ensure contract provisions are met.

Staff has conducted a review and identified opportunities that will enhance the monitoring of contracts. Enhancements include periodic reporting from departments on any issues they may be facing with current vendors and any previous issues that may have already been resolved. This item remains "In Process" until the next Purchasing Partner Roundtable Forum, currently scheduled for November 2022, when this document will be introduced.

6. PROCUREMENT PROCEDURES

6.1 Solicit professional services in accordance with county code.

The Leadership of the County understand the Code of Ordinances (Section 37.39) as it pertains to Professional Services and is committed to complying with the policies as published and incorporating more Procurement Best Practices into their procurement process

6.2 Ensure documentation is maintained in compliance with county code to support the selection of vendor awards.

The Purchasing Department and the Leadership of the County understand the Code of Ordinances (Section 37.39) as it pertains to the vendor selection process and is committed to complying with the policies as published and incorporating Procurement Best Practices into the procurement process.

6.3 Ensure selection committees include the required membership, have the recommended number of members, and members complete survey's as required.

The Purchasing Department and the Leadership of the County understand the Code of Ordinances (Section 37.39) as it pertains to the evaluation committee and required evaluation survey. Leadership is committed to complying with the policies as published and incorporating Procurement Best Practices into the procurement process.

6.4 Discontinue using an underwriter who also acts in a dual capacity as financial advisor for debt issuances.

The County has separated these functions and has different consultants performing the services of financial advisor and underwriter. A formal bid process for a financial advisor will be issued by November 2022.

7. EXPENDITURES & PURCHASING CARDS

7.1 Follow-up on the \$20,000 prepayment and ensure prepayments are subsequently applied to services received by the county.

The vendor, Alexander Open Systems (AOS), categorized this expenditure as a “pre-payment” and had it detailed as such on their invoices. ConvergeOne acquired AOS and has since modified the detail on their invoices as “Block Time”, which is an industry standard method of billing in the Information Technology Sector, allowing for support calls on an as-needed basis from the County to the vendor. The \$20,000 payment for Block Time made to AOS in 2018 was applied to the County’s AOS Block Time as contractually stated.

7.2 Ensure all disbursements are a necessary and prudent use of public funds. In addition, the County Commission should establish a policy regarding food purchases, if such purchases are considered necessary.

A policy regarding food purchases has been approved and included in the HR Manual, distributed to each department head, and is part of the manager training program.

7.3 Ensure beginning and ending fuel tank balances are documented and reconciled to fuel usage and fuel purchases. Any significant discrepancies should be promptly investigated.

A Standard Operating Procedure (SOP) has been created which outlines the manual calculation process. The calculated fuel level, electronic Veeder-root fuel level, and physical inspection of the fuel level are compared for accuracy. The SOP outlines the process to investigate discrepancies. Employees have been trained and new employees will be briefed during orientation.

7.4 Periodically evaluate the need for each purchasing card issued and adjust employee purchasing card limits as deemed appropriate. In addition, reconsider the need to pay legal expenses and other high dollar invoiced expenses through purchasing cards and update purchasing card guidance to include best practices.

The Purchasing Card Program CardHolder Policy, Resolution 2022-120, has been revised to include updated best practices, specifically prohibiting Legal Expenses as advised by the State Auditor. In addition, Purchasing Card limits are reviewed quarterly to determine need of credit limit. Purchasing Card limits are also revisited anytime a request is made to permanently increase a cardholder's limit.

8. Smithville Lake

8.1 Ensure change funds are maintained at a constant amount.

A Currency Discriminator machine was purchased in August, 2021. The machine counts and can discriminate between the bill denominations within the count. The machine prints out a verifying receipt of total cash and the number of bills in each denomination.

A new Standard Operating Procedure (SOP) for cash handling procedures was implemented by the Parks department requiring cash box preparation and cash counting to go through the Currency Discriminator with a printed receipt for verification and back up documentation.

The SOP is the outline for daily counting, reporting and documentation of funds. Staff/New Staff are given a copy of the SOP at the time of training on how to use the Currency Discriminator.

8.2 Review park discount practices and ordinances and revise practices and/or ordinances as necessary.

The State Auditor was provided County Ordinances 2006-ORD-19 and Amend 2002-ORD-32a that outlines authorized discounts involving employees and retirees. The Employee Discount Procedures was updated and revised. These revisions included where and how Retirees and Employees may obtain a discount for the Parks and Historic Sites. All Retirees and Employees must present a valid County ID or Retiree ID to obtain the discount and to allow for tracking purposes. The Procedures are being included in the Human Resources Manuel and are posted on the County Intranet website.

9. INFORMATION TECHNOLOGY

9.1 Develop a formal, written contingency plan that is periodically tested, evaluated, and updated as needed, including periodic testing of data and backups.

Information Technology developed a disaster recovery contingency plan in the summer of 2021 and executed a tabletop testing of the data backups with MARC in September 2021. By policy, the Disaster Recovery Plan is scheduled to be tested at a minimum of every other year. August 2022, IT tested the backup's procedures and analyzed the results in preparation for the 2023 Disaster Recovery/Business Continuity (DR/BC) tests.

The DR/BC policy & procedures will be reviewed and updated as necessary.

9.2 Develop written records management and retention policies to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division Electronic Communications Guidelines. In addition, retain electronic communications in accordance with these policies.

Information Technology has adopted the Secretary of State's Local Government Records Retention Schedules. All IT staff partake in continuing training yearly and new employees must pass a Criminal Justice Information Systems (CJIS) exam to gain IT access.

Our SAN storage replicates all data for immediate recovery, but also pulls the data nightly off one media and sets out an archived storage to tape media which is housed offsite. Retention of these media follows closely to the defined Secretary of State's Local Government Records Retention Schedules. URL or Records Schedules Default: <https://www.sos.mo.gov/archives/localrecs/schedules>

10. CONTRACT APPROVALS AND CAPITAL ASSETS

10.1 Ensure all contracts are approved in accordance with the county code and state law.

Processes have been adopted and implemented requiring contract review by the elected County Auditor. This is documented with Auditor certifications as to unencumbered cash and budget on the face of Commission approved Resolutions, pursuant to RSMo 50.660. In addition, as part of the annual financial audit, the outside auditing firm will confirm compliance with this policy.

10.2 Continue to work with other county officials to ensure complete annual physical inventories are conducted.

Elected County Auditor has developed a process to conduct an annual inventory of County property and staff is committed to assisting with this endeavor. As part of the annual external financial audit, the outside auditing firm reviews the reporting of capital assets.

11. COUNTY BOARDS AND COMMISSIONS

11.1 Ensure minutes are prepared for all meetings and signed.

County staff is currently developing educational training for all Boards and Commissions. The training will include information on Missouri Sunshine Law, reporting requirements, ethics, conflict of interest, and applicable State and County law.

11.2 Prepare annual budgets that contain all information required by state law.

During the 2022 budget process staff worked with several Boards to obtain budgets for the 2022 fiscal year. Staff will continue to work with all Boards and Commissions to ensure budget compliance with State and County law.

11.3 Ensure various boards refrain from activities that could result in the appearance of/or actual conflict of interest. Procedures should include educating board members, as needed on identifying actual or apparent conflicts of interest and how to mitigate them.

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