



# Thomas A. Schweich

Missouri State Auditor

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## Bates County

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January 2013  
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<http://auditor.mo.gov>



**Thomas A. Schweich**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Bates County

Sheriff Employee Reimbursements	<p>The Sheriff, his administrative assistant, and deputy sometimes circumvent the normal county budgeting and disbursement process by using personal credit cards to purchase numerous items for operations. Also, detailed expense reimbursement forms with supporting documentation are not prepared for travel costs incurred. Audit staff reviewed 10 reimbursement requests and found 42 items claimed for reimbursement were not supported by adequate documentation. For example, the County Commission approved a \$4,429 payment to the Sheriff's credit card vendor for airline tickets and hotel reservations for a law enforcement conference in Hawaii in January 2012 without any documentation to support the expense other than a letter from the Sheriff requesting the payment. The county reimbursed the Sheriff's administrative assistant \$1,415 twice for the same purchases, and there is no supporting documentation to show the duplicate payment was applied to other county purchases. The Sheriff's department lacks formal written policies for meal expenses. Meals were frequently provided to department personnel at training sessions or meetings held locally and these payments were not added to employee W-2 forms as a taxable benefit.</p>
Mileage and Fuel Use	<p>The road and bridge and Sheriff's departments do not adequately monitor fuel use. The road and bridge bulk fuel tank is not metered, and records of fuel dispensed are not maintained. Sheriff's deputies are assigned fuel cards, but fuel purchases are not reconciled to billings, mileage and fuel logs are not retained, and a policy regarding appropriate vehicle use and any reporting requirements has not been adopted.</p>
Sheriff Controls and Procedures	<p>Accounting duties are not properly segregated, and an adequate supervisory review is not performed. A monthly list of liabilities was not prepared for either the fee or commissary bank accounts, so liabilities were not compared to the reconciled bank balances. At the request of audit staff, a list of liabilities was prepared for the commissary account and was \$5,174 less than the reconciled bank balance. Receipts are not deposited timely, which increases the risk of loss or misuse. A \$14,669 deposit included \$5,570 in cash, some of which had been on hand for a week before deposit. The Sheriff's department maintains inventory records to track commissary items, and a physical inventory is performed quarterly, but discrepancies are not investigated. Instead, the commissary clerk adjusts the inventory numbers. For example, 200 phone cards were purchased on November 16, 2011, but the commissary clerk only posted 195 to the system to agree the number on hand to the inventory record.</p>
Timesheets	<p>All county employees estimate the number of hours to be worked during the last few days of the pay period on timesheets, but the Sheriff's office does not ensure that the reported estimated hours are compared to the actual hours worked.</p>

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Capital Assets	As noted in previous audits, procedures and records to account for county property are not adequate. The county has no procedure to identify capital asset purchases and dispositions throughout the year, and property is not always tagged for specific identification.
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Prosecuting Attorney Controls and Procedures	Follow up on outstanding restitution checks is not adequate, and at December 31, 2011, there were 68 outstanding checks totaling \$5,597 more than a year old, but no action had been taken to determine why these checks had not cleared the bank. In addition, overage amounts in the restitution bank account (including interest, overpayments, and undeliverable checks) are not properly disbursed in accordance with state law. Since 1997, our office has made recommendations for the disposition of these funds, but, instead, the Prosecuting Attorney began authorizing payments from the overage amount to victims who would not otherwise receive restitution payments. State law does not authorize the disposition of overage funds in this manner. The Prosecuting Attorney paid bonuses to three employees in December 2010 from the Bad Check Fund, but the Missouri Constitution forbids the payment of bonuses to public officers for services already rendered.
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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.
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In the areas audited, the overall performance of this entity was **Fair**.\* However, the audit revealed serious shortcomings with the Sheriff's office.

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American Recovery and Reinvestment Act (Federal Stimulus)	Bates County did not receive any federal stimulus monies during the audited time period.
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\*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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# THOMAS A. SCHWEICH

## Missouri State Auditor

To the County Commission  
and  
Officeholders of Bates County

We have audited certain operations of Bates County in fulfillment of our duties under Section 29.230, RSMo. In addition, McBride, Lock & Associates, Certified Public Accountants, was engaged to audit the financial statements of Bates County for the 2 years ended December 31, 2011. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2011. 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 operations, 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 contract 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 Bates County.



Thomas A. Schweich  
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
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# Bates County

## Management Advisory Report

### State Auditor's Findings

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#### **1. Sheriff Employee Reimbursements**

Adequate supporting documentation is often not obtained by the county when reimbursing various Sheriff's department employees for operating and travel expenses. During the 2 years ended December 31, 2011, reimbursements for operating and travel expenses to the Sheriff, his administrative assistant, and the Deputy Sheriff were approximately \$27,000, \$43,750 and \$7,900, respectively.

##### 1.1 Oversight

The normal county budgeting and disbursement process is sometimes circumvented by the Sheriff, his administrative assistant, and deputy using personal credit cards to purchase items for the operations of the Sheriff's department. Also, detailed expense reimbursement forms, including supporting documentation, are not prepared for travel costs incurred. Rather the Sheriff and his employees submit their personal credit card statements, along with a statement indicating the amount the county should pay for operating and travel expenses, and the county sends the check directly to the credit card vendor, instead of reimbursing the employee. Some examples of operating expenses reimbursed to personal credit cards were computer and office equipment, registrations for training courses, office supplies, and commissary supplies.

To ensure all purchases are included in the county's budget and properly approved for payment, disbursements should be processed through the county's normal disbursement process. If certain expenses are determined necessary to reimburse, the payments should be made to the employee upon submission of appropriate reimbursement forms and documentation.

##### 1.2 Disbursement review and procedures

The County Commission does not require adequate documentation be submitted to support reimbursement requests from the Sheriff and his employees for the expenses charged to their personal credit cards (see section 1.1). We reviewed 10 of the 48 reimbursement requests (each containing multiple purchases), totaling approximately \$15,700, submitted during 2011 and 2010 and the following concerns were noted:

- Forty-two of 96 items claimed for reimbursement, totaling approximately \$6,650, were not supported by adequate documentation. For example, a payment of \$4,429 was made to the Sheriff's credit card vendor in December 2011, for airline tickets and hotel reservations for a law enforcement conference in Hawaii in January 2012. The County Commission approved and paid this charge without any documentation to support the expense, other than a letter from the Sheriff asking that payment be made to his credit card vendor for that amount.
- The county made a duplicate payment by reimbursing the Sheriff's administrative assistant \$1,415 twice (on November 10, 2011, and December 5, 2011) for various purchases. The duplicate payment



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occurred because the county sent the original payment directly to the assistant's personal credit card vendor and the payment did not post on her next credit card statement. Thinking the payment was not made, she subsequently requested the county make the payment again. Receipts were not submitted to the county to support the credit card statement. Both payments eventually cleared and were credited as payments to her credit card account, and while the Sheriff's administrative assistant stated the applied credit was used for other county purchases, receipts were not submitted to the county to support these purchases.

To ensure reimbursements represent legitimate disbursements of the Sheriff's department, the County Commission should ensure documentation is submitted to support all charges and perform a review of the reimbursement requests to reduce the possibility of duplicate payments.

### 1.3 Meals

The Sheriff's department does not have formal written policies for meal expenses. Deputies of the Sheriff's department were regularly reimbursed for meal expenses incurred when the employees were not in continuous travel status for 12 hours or more and these payments were not added to the employee W-2 forms as a taxable benefit. In addition, meals are frequently provided to department personnel at various training sessions or meetings held locally. While reviewing personal credit card reimbursements, we identified 27 charges for meals purchased, totaling \$1,442, where the employee was not on travel status, and many of those meals were purchased at local restaurants in the county. Local meals were often paid by the county with no indication of individuals in attendance, the business purpose, or reason why the meals were necessary.

According to Internal Revenue Service (IRS) Publication 463, *Travel, Entertainment, Gift, and Car Expenses*, the cost of business meals that does not involve overnight travel or travel long enough for the employees to stop for sleep or rest to properly perform their duties is a personal expense, and therefore is not deductible as a business expense. Also, if employers reimburse employees for these business meals, federal regulations require employers to report the amount reimbursed as taxable income to the employee.

## Recommendations

The County Commission:

- 1.1 Ensure purchases are made through the county purchasing procedures rather than the employee expense reimbursement process. If the county chooses to allow certain expenses to be reimbursed in this manner, the county should reimburse the Sheriff and employees directly.



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- 1.2 Ensure documentation is submitted to support all charges claimed for reimbursement and a thorough and documented review is performed.
- 1.3 Develop a comprehensive policy regarding meal reimbursement purchases that is in compliance with IRS regulations. This policy should establish specific guidelines regarding proper and allowable expenditures, along with documentation requirements including the business purpose and individuals in attendance.

## Auditee's Response

*The County Commission provided the following responses:*

- 1.1 *We agree and have already changed this process and now payments go directly to the employee.*
- 1.2 *We will work with the County Clerk to ensure this is implemented.*
- 1.3 *We will take this under advisement and work with the elected officials to develop a policy to ensure compliance with IRS regulations.*

*The Sheriff provided the following responses:*

- 1.1 *The county has changed the reimbursement process so that now formal reimbursement requests are submitted and payments now go directly to the employee, rather than to the vendor.*
- 1.3 *I have developed a policy to ensure compliance with IRS regulations and I will ensure future reimbursements are in accordance with this policy.*

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## 2. Mileage and Fuel Use

Records and monitoring of fuel purchases and use are not adequate. During the 2 years ended December 31, 2011, road and bridge department fuel purchases totaled \$73,754 and Sheriff's department fuel purchases totaled \$176,508.

### 2.1 Road and bridge mileage and fuel records

Records and monitoring procedures over road and bridge department fuel use are not adequate. The road and bridge department maintains 32 vehicles and motorized pieces of equipment and purchases fuel to dispense from a bulk tank located at the county barn. The fuel tank is not metered and records of fuel dispensed are not maintained, thus fuel pumped from the tank is not accounted for properly. While the road and bridge department has attempted to maintain some usage logs, odometer readings are not always recorded on the logs.

Maintenance and review of vehicle and equipment mileage and fuel use logs and comparison of log information and inventory records to fuel purchases



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## 2.2 Sheriff fuel cards and records

are necessary to ensure vehicles and equipment are properly utilized, prevent paying fuel vendors for improper amounts, and decrease the risk of theft or misuse of fuel occurring without detection. Logs should provide sufficient details to enable the county to effectively monitor vehicle and equipment use and fuel costs.

Procedures for monitoring fuel usage are not adequate. As a result, the county cannot ensure there is no misuse of fuel or vehicles. The Sheriff's department maintains 30 vehicles and fuel is purchased by the Sheriff's department with fuel cards.

- A fuel card is assigned to each deputy officer which requires a pin number and odometer reading be entered at the time fuel is purchased; however, the pin number assigned is not a unique number and the Sheriff and his employees sometimes share fuel cards and pin numbers. There is no reconciliation of fuel purchases performed, because employees do not submit charge receipts and the odometer reading on the billing statements are not consistent or accurate. The officers may drive several different vehicles through the course of the month and fuel cards are not assigned by vehicle, which makes it difficult to determine if fuel purchased is reasonable. Since charge receipts are not submitted, the County Clerk is unable to reconcile supporting documentation to the billing statements.
- Mileage and fuel logs are not retained, but are discarded after 1 or 2 months, according to the Sheriff. A log documenting the daily beginning and ending odometer readings, total miles driven, and a general description of the use of the vehicle is prepared by the deputy. The Sheriff indicated he reviews the logs to monitor the deputy's activity; however, the logs are not reviewed to calculate the miles per gallon for the vehicles to help provide assurance fuel usage is only for county business. Since some vehicles are assigned to deputies as take home vehicles, a thorough review of the mileage and fuel logs is necessary to ensure all usage is necessary and within department policy. Also, the county should adopt a policy regarding appropriate vehicle use and any reporting requirements.

Procedures for maintaining and reviewing mileage/fuel use logs and reconciling log information to fuel purchased and related records are necessary to ensure vehicles are properly utilized, prevent paying vendors for improper billing amounts, and decrease the risk of theft or misuse of fuel occurring without detection. Logs should provide sufficient details so the county can effectively monitor vehicle and equipment fuel costs. A policy regarding appropriate use of Sheriff's Department vehicles is necessary to clarify authorized use of vehicles and reporting requirements.



Similar conditions  
previously reported

Similar conditions were noted in our prior report.

## Recommendations

The County Commission:

- 2.1 Require the road and bridge department establish procedures to maintain adequate records to effectively monitor vehicle, equipment, and fuel use. In addition, fuel use should be reconciled to fuel purchases, and any significant discrepancies should be investigated.
- 2.2 Establish procedures to reconcile fuel purchased by the Sheriff's department to fuel used and review fuel use for completeness and reasonableness. In addition, all fuel tickets should be submitted to the County Clerk for comparison to vendor billings and a vehicle use policy should be developed with the Sheriff.

## Auditee's Response

*The County Commission provided the following response:*

- 2.1 *We have added a flow meter to the fuel tank and are now monitoring fuel usage more closely.*

*The Sheriff provided the following response:*

- 2.2 *We are in the process of developing a monthly usage, fuel, and maintenance form to be completed for each vehicle. I will ensure this form is completed, reviewed for reasonableness, and reconciled to the monthly billings before submitting to the County Clerk. I have already developed a policy regarding appropriate use of county vehicles.*

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## 3. Sheriff Controls and Procedures

Accounting duties are not adequately segregated, month-end liabilities lists are not prepared, and receipts are not deposited timely. In addition, records and procedures for making commissary inventory adjustments need improvement.

The Sheriff maintains two checking accounts: a commissary account for inmate commissary funds, phone card sales, phone commissions, and bonds; and the fee account for monies collected for civil and criminal process fees and Sheriff's sales. During the 2 years ended December 31, 2011, receipts for the commissary account totaled approximately \$700,000, and receipts for the fee account totaled approximately \$520,000.

### 3.1 Segregation of duties

Accounting duties are not segregated, and an adequate supervisory review of accounting records is not performed. The commissary clerk is primarily



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responsible for commissary accounting duties, including receipting, recording, depositing, and disbursing monies. An administrative assistant is primarily responsible for civil and criminal accounting duties, including maintaining accounting records, depositing and disbursing monies, and preparing bank reconciliations for both the commissary and the fee accounts. While the Sheriff indicated he oversees accounting duties and signs off on bank statements, numerous errors were noted in bank reconciliations, check registers, and commissary records, which were not identified during the Sheriff's review or corrected.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, the Sheriff should implement an adequate independent or supervisory review to ensure the bank records are in agreement with the accounting records.

### 3.2 Liabilities

A monthly list of liabilities was not prepared for either the fee or commissary bank accounts, and consequently, liabilities were not compared to the reconciled bank balances. At our request, a list of liabilities for the commissary account was prepared and identified liabilities totaled \$9,223, at December 31, 2011. The reconciled bank balance was \$14,397 leaving an unidentified balance of \$5,174. The administrative assistant indicated she believes this difference consists of monies that were used to start the commissary account. At our request, a list of liabilities for the fee account was prepared at April 30, 2012, and it agreed to the reconciled bank balance.

To ensure records are in balance and sufficient funds are available for payment of all liabilities, a complete and accurate list of liabilities should be prepared monthly for both accounts and reconciled to the book balances. Prompt investigation of differences is needed to determine the cause of and resolve the problem. Various statutory provisions address the proper disposition of unidentified monies.

### 3.3 Deposits

Receipts, including significant amounts of cash, are not deposited timely. For example, a commissary deposit totaling \$14,669 made on December 8, 2011, included \$5,570 in cash, some of which had been on hand for a week before deposit. In addition, we noted other deposits where receipts were held up to a week before deposit.

To adequately account for collections and reduce the risk of loss or misuse of funds, deposits should be made in a timely manner. When significant amounts of cash are collected, monies should be deposited daily to ensure cash assets are protected from theft or fraud.

### 3.4 Commissary adjustments

There was no independent approval to support adjustments posted to the commissary inventory system, and adequate documentation of such



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adjustments was not retained. The Sheriff's department maintains inventory records to track commissary items and help determine when inventory items need to be replenished. A physical inventory is performed quarterly by the commissary clerk. While physical inventory counts are compared to the inventory records by the commissary clerk, differences in the physical count and records are not investigated. Instead, the commissary clerk will adjust the number of items added to the inventory when a purchase is made to account for the difference. For example, on November 16, 2011, 200 phone cards were purchased; however, the commissary clerk only posted 195 phone cards to the system. The commissary clerk indicated the number of cards purchased was reduced to agree the number on hand to the inventory record. However, the adjustment was not approved by the Sheriff.

Due to the risks associated with physical inventory adjustments and the lack of segregation of duties (see section 3.1), documented approval by the Sheriff should be obtained before any adjustments are posted to the system. In addition, the Sheriff's department should maintain a record of physical inventory counts compared to the inventory records and maintain adequate documentation to provide evidence any adjustment was properly approved and reflected in the system.

Similar conditions  
previously reported

Similar conditions to sections 3.1, 3.2, and 3.3 were noted in our prior report.

## Recommendations

The Sheriff:

- 3.1 Adequately segregate accounting duties to the extent possible or ensure an adequate independent or supervisory review of accounting and bank records is performed and documented.
- 3.2 Prepare a monthly list of liabilities for both accounts and compare to the reconciled bank balances. Ensure any differences are investigated and resolved.
- 3.3 Deposit all monies on a timely basis.
- 3.4 Establish procedures to ensure all inventory adjustments are approved. In addition, the Sheriff should require adequate supporting documentation be provided and reviewed before the adjustment is made.

## Auditee's Response

*The Sheriff provided the following responses:*

- 3.1 *I will work with my staff to ensure independent oversight of accounting functions is performed monthly.*



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- 3.2 *I have turned over to the county treasury the difference identified by the auditors and have already begun preparing monthly listings of liabilities for both accounts maintained by my office.*
- 3.3 *My office will try to deposit monies at least twice weekly and in some instances, where large amounts of cash are received, more often.*
- 3.4 *I will work with the commissary clerk to complete forms documenting any inventory adjustments and I will ensure I approve these before they are posted in the future.*

## 4. Timesheets

Time summaries of hours worked submitted for employees of Sheriff's department include estimated hours which are not verified after the pay period is over.

While all county employees estimate hours to be worked during the last few days of the pay period on timesheets, the Sheriff does not ensure a comparison of actual hours worked to the reported estimated hours is performed. The county pay period ends on the last day of every month; however, the county policy is to have each department submit employee timesheets to the County Clerk's office by the 28th of the month so that payroll can be processed and paid by the last working day of the month. After payroll checks are run, the timesheets are given back to each department head for verification of hours worked and are signed by the department head and turned back into the County Clerk. If the estimated hours are incorrect, the official will note any changes on the time sheet before signing. The County Clerk indicated that while the Sheriff's department does submit time sheets for each employee after checks are distributed, the Sheriff's signature is typically stamped on the time sheets by the Sheriff's administrative assistant, leaving the County Clerk to conclude the estimated hours are accurate. No comparison of the estimated hours to actual hours worked is performed by Sheriff's department or the County Clerk's office.

For Sheriff's department employees, who do not always work a standard workweek, the comparison of actual hours worked to the estimated hours is very important. We reviewed the Sheriff's department payroll summary submitted for November 2011 and indentified a jailer who was overpaid by 10.75 hours. The summary indicated 180 hours should be paid, while this employee should have been paid for only 169.25 hours. This difference was not identified and corrected the following month because a comparison of hours reported to hours actually worked is not performed.

Paying county employees for estimated hours may lead to errors, inconsistencies in the calculation of compensatory and accumulated leave balances, and the potential for employees to be over/under paid. In addition,



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detailed timesheets signed by the employee and approved by a supervisor are necessary to document hours actually worked and provide information needed to monitor overtime, leave, and compensatory time; and are beneficial in demonstrating compliance with county policies.

## Recommendation

The County Commission consider changing payroll procedures to require all county employees be paid based on actual hours worked. In addition, the Sheriff should require a comparison of estimated hours to actual hours worked.

## Auditee's Response

*The County Commission provided the following response:*

*We will consider changes to our payroll process to pay employees based on actual hours worked.*

*The Sheriff provided the following response:*

*We have corrected the overpayment identified by the auditors by adjusting his compensatory time balance and have balanced our employee leave balances with the leave records maintained by the County Clerk's office. I will ensure actual time worked is compared to estimated hours in the future. My preference would be for the county to discontinue estimating hours and adjust the payroll process to pay based on actual hours worked.*

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## 5. Capital Assets

As noted in previous audits, procedures and records to account for county property are not adequate. The County Clerk annually sends each department a memo requesting inventory lists and the various departments' inventory lists serve as the county's overall property control records; however, the county has no procedure in place to identify capital asset purchases and dispositions throughout the year. In addition, property is not always tagged for specific identification. While the County Clerk issues tags, each department is responsible for ensuring tags are attached to the applicable property item.

Adequate capital asset records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Procedures to track capital asset purchases and dispositions throughout the year and compare to physical inventory results would enhance the county's ability to account for capital assets and potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Proper tagging of county property items and specific identification of property locations are necessary to reduce the possibility of improper personal use of county property.



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## Recommendation

The County Commission and County Clerk ensure procedures are implemented for tracking capital asset purchases and dispositions throughout the year, and all capital assets are properly tagged.

## Auditee's Response

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

*We will work together to develop procedures to track asset purchases and dispositions and use that information to verify the accuracy of the annual inventories performed by the various elected officials. We will also work with the county officials to ensure all capital assets are properly tagged in the future.*

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## 6. Prosecuting Attorney Controls and Procedures

The Prosecuting Attorney does not have adequate procedures to follow up on outstanding checks, does not properly handle all restitution monies received, and does not dispose of unclaimed monies in accordance with state law. In addition, bonuses were paid to employees.

### 6.1 Restitution account

Follow up on outstanding restitution checks is not adequate. At December 31, 2011, there were 68 outstanding checks totaling \$5,597 more than a year old and the Prosecuting Attorney's staff had taken no action to determine the reason these checks have not cleared the bank. In addition, "overage" amounts maintained within the restitution bank account are not properly disbursed in accordance with state law. The monies received from interest, overpayments, restitution checks that are not cashed, and restitution checks returned as undeliverable are added to the book balance and tracked as "overage" amounts, rather than being disposed of in accordance with state law. Our office has made recommendations related to the handling of these funds since 1997; but proper action has not been taken. Instead, starting in January 2008, the Prosecuting Attorney began authorizing payments from the "overage" amounts to victims he determines would not receive restitution payments. These payments totaled over \$9,800 from January 2008 through May 2012. There is no statutory authority allowing the Prosecuting Attorney to disburse restitution funds in this manner.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. When a payee cannot be located, various statutory provisions provide for the disposition of unclaimed monies. To ensure all monies in the restitution account are disbursed properly, overpayments, interest, and checks not cashed or returned as undeliverable should be disbursed in accordance with state law.

### 6.2 Bonuses

In December 2010, bonuses were paid to employees of the Prosecuting Attorney's office from the Prosecuting Attorney Bad Check Fund. Three



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employees received \$200 each and another employee received \$50. No documentation was retained to support any additional hours worked or duties performed by these employees.

These bonuses appear to represent additional compensation for services previously rendered and, as such are in violation of Article III, Section 39, the Missouri Constitution, and contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, ". . . a government agency deriving its power and authority from the constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

Similar conditions  
previously reported

Similar conditions were noted in our prior report.

Recommendations

The Prosecuting Attorney:

- 6.1 Establish procedures to follow up and resolve outstanding checks in a timely manner and distribute overpayments, interest, and uncashed or undeliverable restitution checks in accordance with state law.
- 6.2 Discontinue paying bonuses.

Auditee's Response

*The Prosecuting Attorney provided the following written responses:*

- 6.1 *The overage monies have been accumulating for many years and these monies have been distributed to victims who have been court-ordered to receive restitution, but who won't be compensated in any other way. The balance of this overage amount is significantly reduced and I don't anticipate making additional payments of this nature in the near future. I will consider the auditor's recommendation when determining future procedures for handling overpayments and checks returned to us as undeliverable.*
- 6.2 *Bonuses were not paid to employee's in 2011 and I do not plan to make bonus payments in the future.*

# Bates County

## Organization and Statistical Information

Bates County is a township-organized, third-class county. The county seat is Butler.

Bates 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. The county employed 83 full-time employees and 6 part-time employees on December 31, 2011. The townships maintain county roads.

In addition, county operations include the Senate Bill 40 Board.

### Elected Officials

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

Officeholder	2012	2011
Donna Gregory, Presiding Commissioner	\$	33,271
Randy Pike, Associate Commissioner		33,124
Larry Berry, Associate Commissioner		28,968
Lucille Munday, Recorder of Deeds		44,900
Marlene Wainscott, County Clerk (1)		46,531
Hugh C. Jenkins, Prosecuting Attorney		110,116
Chad Anderson, Sheriff		46,350
Gary Schowengerdt, County Coroner		16,900
Sharon Cumpton, Public Administrator		42,350
Jimmy Platt, County Collector-Treasurer (2), year ended March 31,	54,521	
Roger Pruden, County Assessor , year ended August 31,		44,850
W. C. Bill Lethcho, County Surveyor		23,400

(1) Includes \$1,631 of commissions earned for preparing city property tax books.

(2) Includes \$9,197 of commissions earned for collecting city property taxes.

### Financing Arrangements

The county entered into a lease purchase agreement with First Bank of Missouri on March 1, 2002. The terms of the agreement call for the county to lease the law enforcement and detention center to First Bank of Missouri, and for the bank to lease purchase the law enforcement and detention center back to the county with lease payments equal to the amount due to retire the



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indebtedness. Certificates of Participation totaling \$5,590,000 were issued by First Bank of Missouri on behalf of the county and the proceeds of those certificates were used to construct the law enforcement and detention center. The lease is scheduled to be paid off in 2017. The remaining principal and interest due on the lease at December 31, 2011, was \$2,450,000 and \$189,317 respectively. The Certificates of Participation are anticipated to be paid with the revenue generated from the capital improvement sales tax which was passed on November 6, 2001.

American Recovery and  
Reinvestment Act 2009  
(Federal Stimulus)

Bates County did not receive any federal stimulus monies during the 2 years ended December 31, 2011.