



Office of Missouri State Auditor
Nicole Galloway, CPA

Texas County



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Texas County

County Collector-Treasurer's Controls and Procedures	The County Collector-Treasurer improperly spent \$6,800 from the county's Tax Maintenance Fund after similar concerns were reported during our prior audit. These disbursements were not in compliance with uses allowed by law and/or not reasonable, and many seemed to be primarily for personal use. The County Collector-Treasurer or her deputies changed the month/year used for the penalty, commissions, and fee calculations in the property tax system for some taxpayers, resulting in non-assessment of penalties and fees, and reduced commissions. The County Collector-Treasurer did not properly review or calculate commissions taken on delinquent taxes and surtax.
Property Tax System Changes	An adequate review of additions and abatements made to the property tax system is not performed by the County Commission and County Clerk, and access to the property tax system is not adequately restricted. Instead of the County Collector-Treasurer issuing refund checks for overpayments, the County Assessor adjusts the assessed value of the property in the subsequent tax year so that the tax liability is reduced to offset the amount of the overpayment.
Financial Reporting	Neither the County Commission nor the County Clerk submitted proof of publication of the county's financial statement for the years ended December 31, 2015, and December 31, 2016, to the State Auditor's Office as required by state law.
Sheriff's Controls and Procedures	The Sheriff has not adequately segregated accounting duties and does not ensure adequate supervisory reviews of detailed accounting and bank records are performed. Controls and procedures for receipting, recording, and depositing monies need improvement. The Sheriff's office does not have procedures to ensure all inmate monies are refunded upon release, and has not entered into written agreements with other counties to provide for the boarding of prisoners. The Sheriff has not adequately evaluated the number of fuel cards needed for his office.
Public Administrator's Controls and Procedures	The Public Administrator holds checks received on behalf of some wards for extended periods of time before depositing them and did not always report assets accurately on Medicaid eligibility review forms so that wards could retain Medicaid eligibility. The Public Administrator does not always file annual settlements timely.
Prosecuting Attorney's Controls and Procedures	The Prosecuting Attorney maintains an inactive bad check bank account. In addition, the Prosecuting Attorney's office does not generate or prepare monthly lists of unpaid bad checks or a report of unpaid court-ordered restitution.
Recorder of Deeds' Segregation of Duties	The Recorder of Deeds has not adequately segregated accounting duties or ensured independent reviews of detailed accounting and bank records are performed.
County Clerk's Deposits	Monies received are not deposited timely.

County Assessor's Receipting, Recording, and Transmitting	The County Assessor has not established proper controls or procedures for receipting, recording, and transmitting monies.
Habilitation Board Conflict of Interest	The Board does not adequately monitor its activities for potential conflicts of interest and did not properly report compensation paid to the Board Secretary to the Internal Revenue Service.
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.

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

*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

To the County Commission
and
Officeholders of Texas County

We have audited certain operations of Texas County in fulfillment of our duties under Section 29.230, RSMo. In addition, Beard-Boehmer and Associates, PC, Certified Public Accountants, was engaged to audit the financial statements of Texas County for the year 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:

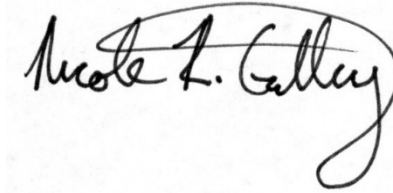
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 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 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 Texas 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:

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Texas County Management Advisory Report State Auditor's Findings

1. County Collector-Treasurer's Controls and Procedures

The County Collector-Treasurer improperly spent monies from the county's Tax Maintenance Fund, and the County Collector-Treasurer and her deputies improperly changed the month/year used when processing penalty, commissions and fees for late payments. The County Collector-Treasurer did not properly calculate and distribute delinquent tax commissions.

Property taxes and other monies processed by the County Collector totaled approximately \$9.6 million during the year ended February 28, 2017.

1.1 Tax Maintenance Fund

The County Collector-Treasurer improperly spent \$6,800 from the county's Tax Maintenance Fund during the 2 years ended December 31, 2016, and 6 months ending June 2017, after similar concerns were reported during our prior audit. These disbursements were not in compliance with uses allowed by state law and/or not reasonable. Many purchases seemed to be primarily for personal use and not essential to the administration or operation of the County Collector-Treasurer's office. During the 2 years ended December 31, 2016, and 6 months ending June 30, 2017, the County Collector-Treasurer authorized disbursements of approximately \$20,750 from the county's Tax Maintenance Fund. Receipts into that fund during the 2 years ended December 31, 2016, and 6 months ending June 30, 2017, totaled approximately \$66,500.

- The County Collector-Treasurer paid for cell phone service totaling approximately \$1,350 in 2015, \$1,500 in 2016, and approximately \$700 through June 2017. The cell phone plan includes the County Collector-Treasurer's cell phone, a tablet computer, and shared data. Service charges for the tablet totaled approximately \$250 for 2016, and approximately \$125 through June 2017.

We reviewed the August 2016 phone bill details and determined at least 67 percent of the phone calls were personal calls, including calls to and from family members whose numbers the County Collector-Treasurer claimed not to recognize. Included in the data charges were 295 text messages and 3 picture messages, and the County Collector-Treasurer used more data than included in the plan, incurring additional charges. The business purpose of the additional data charges is not clear. The County Collector-Treasurer indicated she does not have a separate personal cell phone.

Additionally, our review of the September 2015 phone bill determined at least 54 percent of the phone calls were personal calls, including calls to and from family members. Included in the data charges for September 2015 were 254 text messages and 15 picture messages.

- The County Collector-Treasurer purchased various grocery items totaling approximately \$900 in 2015, \$800 in 2016, and \$500 through June 2017, including coffee, bottled water, soda, chips, candy, cookies, donuts, meat,



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bread, fresh produce, olive oil, shot glasses, soap, and pain medication. The County Collector-Treasurer indicated she provides water, soda, and snacks for her employees, and candy for customers.

- The County Collector-Treasurer purchased various office decorations and miscellaneous items including flowers, picture hangers, and bird seed totaling approximately \$38 in 2015, \$110 in 2016, and \$90 through June 2017.
- The County Collector-Treasurer paid for cable television service in a breakroom used primarily by the County Collector-Treasurer and her staff totaling approximately \$280 per year during 2016 and 2017, and \$210 in 2015. In addition, the County Collector-Treasurer added a movie package in November 2016. The county paid approximately \$10 in 2016 and \$60 in 2017 for this package.
- The County Collector-Treasurer pays for a Sam's Club membership for herself and her husband totaling \$45 per year (2015 through 2017). However, there was only one expenditure for grocery items at Sam's Club each year and the total amount spent during the 3 years was less than the cost of the memberships for the 3 years combined.

Section 54.325, RSMo, indicates the Tax Maintenance Fund is to be used for administration and operation costs of the office of the County Collector-Treasurer. Because the purchases listed above were primarily personal and not related to costs or expenses incurred in the office of the County Collector-Treasurer, the disbursements are not an appropriate use of Tax Maintenance Fund monies.

1.2 Property tax system changes

The County Collector-Treasurer or her deputies changed the month/year used for the penalty, commissions and fee calculations in the property tax system for some taxpayers.

During the year ended February 28, 2017, the County Collector-Treasurer or her deputies changed the month/year in the property tax system used to calculate penalties, commissions, and fees (calculation date), ranging from 45 days to 380 days prior to the date of the actual payment on 14 tax bills. These actions resulted in non-assessment of penalties and fees for these late property tax payments, and also reduced commissions since the commission rate is assessed on both the delinquent tax collection and penalty amounts. One taxpayer was not assessed penalties, commissions, and fees totaling \$288. The reasons for many of these changes were not documented until we requested this information, and some of the explanations appeared questionable.

Section 139.100.1, RSMo, requires the County Collector-Treasurer to collect a penalty on delinquent taxes owed by a taxpayers as provided for in Section



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140.100, RSMo. Section 140.100, RSMo, requires an 18 percent penalty be charged for each year's delinquent tax, in addition to the amount of the delinquent tax. To ensure all penalties, commissions, and fees due are properly charged and collected, a report of changes made to the penalty, commissions, and fee calculation dates should be generated and independently reviewed by the County Clerk and County Commission.

1.3 Commissions

The County Collector-Treasurer did not properly review or calculate commissions taken on delinquent taxes and surtax. The County Collector-Treasurer incorrectly withheld 2 ½ percent on all delinquent taxes and surtax collected rather than the 3 percent required resulting in amounts being under withheld from various political subdivisions. These amounts are owed to the county's General Revenue Fund. For example, the County Collector-Treasurer under withheld \$1,930 in November and December 2016 and January 2017 from delinquent taxes and surtax.

Section 54.320, RSMo, requires the collector-treasurer to collect a fee of 3 percent on all licenses, current railroad and utility taxes, surtax, back taxes, delinquent taxes and interest collected, to be deducted from the amounts collected.

Similar conditions previously reported

Similar conditions to section 1.1 and 1.2 were noted in our prior audit report. In addition, Report No. 2015-27, *Follow-Up Report on Audit Findings - Texas County* (sections 1.2 and 2.1), issued in May 2015, reported the status, at that time, as implemented for sections 1.2 and 2.1.

Recommendations

- 1.1 The County Commission should review past disbursements made from the Tax Maintenance Fund and seek reimbursement from the County Collector-Treasurer for personal expenditures, and work with law enforcement to investigate improper disbursements. The County Collector-Treasurer should ensure future disbursements from the Tax Maintenance Fund are adequately documented and in compliance with statutory provisions.
- 1.2 The County Collector-Treasurer collect penalties, commissions, and fees on delinquent taxes as required by law, generate a report of changes made to the property tax system, and retain documentation of the reasons for any changes made. The County Clerk and County Commission should ensure such a report is generated and an independent review is performed and documented.
- 1.3 The County Collector-Treasurer should recalculate tax commissions withheld from delinquent taxes and surtax and correct distributions to the various political subdivisions and the General Revenue Fund. The County Collector-Treasurer should also ensure future commission calculations are accurate.



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Auditee's Response

The County Collector-Treasurer provided the following responses:

- 1.1 I will document and be in compliance with Sections 52.312, 52.315, 52.317, 54.323, 54.325.1, and 54.327, RSMo, as collector having the sole responsibility for all expenditures.*
- 1.2 I am having my software programmer generate a report to check for any changes on penalties, fees, or interest concerning any changes made to the property tax system, to be turned in to the County Commission monthly. I will also retain documentation of reasons for any changes made.*
- 1.3 I have changed all percentages per state statute and will speak to the County Commission on how far back they would like me to recalculate percentages.*

The County Clerk and County Commission provided the following responses:

- 1.1 As recommended, we will be soliciting advice from our legal counsel. We will be requesting itemized invoices in the future. Those will be properly reviewed and explained. Parameters in each office will be set as to approve budget items allowed per elected official's office (i.e., coffee, water, supplies) and make sure they are budgeted accordingly.*
- 1.2 Pursuant to Section 139.100, RSMo, and Section 140.100, RSMo, we will request the County Collector-Treasurer follow state statute, and any changes be documented and reviewed. Discussion will be held with the County Collector-Treasurer as to reasons taxpayers are not penalized, and fees not collected.*
- 1.3 We will consult with legal counsel as to how far back we will go to collect on the percentage differences not previously collected.*

2. Property Tax System Changes

Controls over property tax system changes are not adequate.

An adequate review of additions and abatements made to the property tax system is not performed by the County Commission and County Clerk, and access to the property tax system is not adequately restricted.

The County Clerk indicated she agrees addition and abatement records maintained by the County Assessor to actual changes made in the property tax system by the County Collector-Treasurer; however, our comparison of these records identified differences that were not explained or documented. For example, a property tax addition recorded in the County Assessor's office



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in October 2016, was not changed in the property tax system by the County Collector-Treasurer until April 2017.

In addition, if an error in a property tax record resulting in an overpayment is identified after the related tax has been paid, the County Assessor adjusts the assessed value of the property in the subsequent tax year so that the tax liability is reduced to offset the amount of the overpayment, and enters a note into the tax system to verify the accuracy of the assessed value in the following year. A refund check should be issued by the County Collector-Treasurer for tax overpayments instead of the County Assessor changing assessed valuations to lower a future payment.

The lack of independent verification and approval of changes in the property tax system significantly increases the risk of intentional and unintentional errors and omissions to the property tax books. Because the County Collector is responsible for collecting tax payments, good internal controls require she not have system access rights to be able to alter or delete tax rates, assessed values, and property tax billings. An independent review of approved additions and abatements to changes made to the property tax system would help ensure changes to the property tax system records are proper.

Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. Section 53.030, RSMo, requires the County Assessor to assess property at what the official believes to be the actual cash value.

Recommendation

The County Clerk and County Commission ensure a comparison of approved additions and abatements to changes made in the property tax system is performed and restrict access rights so the County Collector-Treasurer cannot make changes to the property tax system. The County Assessor should discontinue the practice of changing assessed valuations for subsequent billings when overpayments occur. The County Collector-Treasurer should issue refund checks for any overpayment of taxes.

Auditee's Response

The County Clerk and County Commission indicated they will ensure a comparison of approved additions and abatements to changes made in the computer system is performed and documented monthly, and they will conduct a series of round table style meetings with the various elected officials to determine needed access.

The County Collector-Treasurer indicated she will talk to her programmer about refunds when the Assessor's office overcharges taxpayers.

The County Assessor indicated she would implement the recommendation.



3. Financial Reporting

Neither the County Commission nor the County Clerk submitted proof of publication of the county's financial statement for the years ended December 31, 2015, and December 31, 2016, to the State Auditor's Office as required by state law. After we discussed this issue with county officials, they submitted proof of publication for both years on June 1, 2017.

Section 50.810, RSMo, requires filing of proof of publication of the county's financial statements with the State Auditor by April 1st of each year. Section 50.810.3, RSMo, states the county treasurer shall not pay any county commissioner until notice is received from the State Auditor that the required proof of publication has been filed. The county commissioners continued to receive payment of compensation from the date of late filing to June 1, 2017.

Recommendation

The County Commission submit proof of publication of the county's financial statements to the State Auditor's Office or discontinue payments to the County Commission until proof of publication of the county's financial statements are submitted in accordance with state law.

Auditee's Response

This procedure was an oversight and has been corrected.

4. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The office processed civil and criminal process fees, concealed carry weapon (CCW) permit fees, bonds, inmate monies, and other miscellaneous receipts totaling approximately \$282,000 during the year ended December 31, 2016.

4.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and does not ensure adequate supervisory reviews of detailed accounting and bank records are performed.

The Jail Administrator is responsible for receipting, recording, and depositing monies; making disbursements; and preparing the monthly bank reconciliations for the inmate/commissary account. The Sheriff reviews the bank statements and the bank reconciliations for this account, but this review does not account for the numerical sequence of receipt slips, and does not ensure monies received have been properly recorded, deposited, and disbursed to the appropriate parties.

A similar condition was noted in our prior 4 audit reports. In addition, Report No. 2015-27, *Follow-Up Report on Audit Findings - Texas County* (section 5.1), issued in May 2015, reported the status, at that time, as in progress for section 5.1.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved,



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documented independent or supervisory reviews of detailed accounting and bank records are essential and should include accounting for the numerical sequence of receipt slips and ensuring monies received have been accounted for properly.

4.2 Receipting, recording, and depositing

Controls and procedures for receipting, recording, and depositing monies need improvement.

- Manual receipt slips were not always issued for inmate monies received at the jail. For example, manual receipt slips were not issued for \$562 of \$2,749 deposited during the month of January 2016 and \$245 of \$900 deposited on October 28, 2016.
- The Administrative Assistant does not always record the method of payment (cash, check, or money order) on manual receipt slips for civil and criminal process fees, CCW permits, bonds, and inmate monies. As a result, the composition of receipts is not reconciled to the composition of deposits.
- The top copy of some voided receipt slips was not retained for receipts issued at the jail for all-terrain vehicle (ATV) and CCW permits; fingerprinting and inspection fees; and bond monies.
- Deposits are not made timely. For example, \$1,956 of ATV and CCW permits, fingerprinting and inspection fees, and bond monies collected from May 1 through May 12, 2017, were not deposited until May 18, 2017. In addition, inmate monies are only deposited once a week (every Thursday), regardless of date or amounts received.

Failure to implement adequate receipting, recording, and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected.

4.3 Refunding of inmate monies

The Sheriff's office does not have procedures to ensure all inmate monies are refunded upon release. At December 31, 2016, the Sheriff's office was holding \$1,411 for 337 released inmates, including \$348 being held for 5 inmates that had been released more than a year ago.

Establishing procedures to refund all inmate monies upon release will allow the Sheriff to more adequately safeguard any monies being held and reduce the risk of loss, theft, or misuse of funds.

4.4 Boarding of prisoners

The Sheriff has not entered into written agreements with other counties to provide for the boarding of prisoners detailing the housing rate to be paid, services to be provided, or any required notification for emergency or non-routine situations. The Sheriff's office collected approximately \$116,000 for the boarding of prisoners during the year ended December 31, 2016.



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Written agreements, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

4.5 Fuel cards

The Sheriff has not adequately evaluated the number of fuel cards needed for his office. Of the 28 fuel cards, 14 are not used and are kept in the Sheriff's office. The Sheriff's office purchased \$31,000 with fuel cards during the year ended December 31, 2016. Limiting the number of fuel cards on hand to only those necessary will reduce the risk of misuse of the cards.

Recommendations

The Sheriff:

- 4.1 Segregate accounting duties or ensure independent or supervisory reviews of detailed accounting and bank records are performed and documented.
- 4.2 Issue receipt slips for all monies received, record the method of payment, and reconcile the composition of receipts to the composition of deposits. The Sheriff should also ensure all copies of voided receipt slips are retained, and deposit monies timely.
- 4.3 Refund all inmate monies to inmates upon release.
- 4.4 And the County Commission obtain written agreements with other entities for the boarding of prisoners.
- 4.5 Periodically review the number of fuel cards maintained, and limit the number of cards to only those necessary.

Auditee's Response

The Sheriff provided the following responses:

- 4.1 *I reviewed and initialed bank statements and end of month reconciliations. I am currently preparing all deposits of inmate/commissary monies collected at the jail. In the future, when the new jail administrator starts preparing deposits, I will review receipt and deposit records for inmate/commissary monies.*
- 4.2 *Receipt slips will be issued for all monies received, whether in person or through the mail, but a copy cannot always be issued directly to the person as a majority of the checks for civil paperwork is received through the mail. The method of payment will be recorded at the top of each receipt whether it is cash, check, or money order. The reconciliation of receipts to deposits is being completed monthly and also reconciled to monthly bank statements. All copies of voided*



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receipt slips are being retained in the receipt books. I plan to continue to deposit inmate monies only once a week.

4.3 *Inmate monies are being refunded to inmates upon release. An exception would be if it is after 5 p.m. or there are not 2 available signers for the checks, which is required. Any unclaimed inmate monies will be evaluated every 6 months and turned over to the State Treasurer's Unclaimed Property Section, as applicable.*

4.4 *I cannot enter into written agreements with other entities for the boarding of prisoners; however, I will work with the County Commission to address this recommendation.*

4.5 *Fuel cards and statements are reviewed monthly and reconciled to assure proper controls and procedures regarding card usage and assignment of cards are in place. I will work with the fuel vendor to limit the number of extra fuel cards issued.*

The County Clerk and County Commission provided the following response:

4.4 *We will have written agreements signed by the County Commission pursuant to Section 432.070, RSMo.*

5. Public Administrator's Controls and Procedures

Controls and procedures in the Public Administrator's office need improvement. The Public Administrator is the court appointed personal representative for wards or decedent estates of the Circuit Court, Probate Division, and was responsible for the financial activity of 53 individuals as of December 31, 2016.

5.1 Medicaid eligibility

The Public Administrator holds checks received on behalf of some wards for extended periods of time before depositing them and did not always report assets accurately on Medicaid eligibility review forms.

We reviewed the most recently filed annual settlements and determined the Public Administrator held property tax credit or tax refund checks issued to wards between April and July until December in both 2015 and 2016 for 24 of the 42 wards reviewed. According to the Public Administrator, she holds these checks for deposit to ensure the wards' assets remain below Medicaid eligibility limits.

In addition, the Public Administrator submitted inaccurate Medicaid eligibility forms to the state for at least 7 wards. These forms listed the bank balances of the wards, but did not include the property tax credit or tax refund checks the Public Administrator was holding, and did not always include the



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value of prepaid burial plans. We noted at least 6 wards whose Medicaid eligibility could be impacted by the inaccurate reporting.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, monies should be deposited timely. When initially applying for Medicaid eligibility through the Department of Social Services (DSS) and during the department's annual eligibility redetermination process, the Public Administrator is required to report all assets for each ward that may be in the form of cash, property, or other assets on the program application or eligibility review form. In addition, Section 208.210.1, RSMo, requires recipients to notify county welfare offices if they possess property that affects their right to receive benefits, and Section 208.210.2, RSMo, provides that if it is found that a recipient or spouse possessed income in excess of the amount reported that would affect his/her right to receive benefits, the amount of benefits may be recovered as a debt due to the state.

5.2 Annual settlements

The Public Administrator does not always file annual settlements timely. Of the Public Administrator's 53 wards or decedent estates, 47 were required to have annual settlements filed with the court during 2016. We reviewed filing dates for these 47 and determined 24 annual settlements were filed after the due date, including one annual settlement that was filed approximately 6 months after the due date.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. Timely settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that loss, theft, or misuse of funds will occur and go undetected.

Similar condition previously reported

A condition similar to section 5.2 was noted in our prior 3 audit reports. In addition, Report No. 2015-27, *Follow-Up Report on Audit Findings - Texas County* (section 3.1), issued in May 2015, reported the status, at that time, as in progress for section 3.1.

Recommendations

The Public Administrator:

- 5.1 Ensure receipts are deposited timely and intact, and report accurate asset information for wards to the DSS, Family Support Division. Additionally, the Public Administrator should contact the DSS, Family Support Division to determine whether any monies are due to the state.
- 5.2 Ensure annual settlements are filed timely.

Auditee's Response

- 5.1 *Rent tax credit checks were held with the primary intention of paying administrative fees to the county, which cannot be paid ahead.*



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Therefore, I was holding checks until the end of the year. I did not realize there was any wrong doing. The information received from DSS was to report monies that are available to the ward. The rent tax credit funds were believed not to be available to the ward. Moving forward since 2016, checks are being deposited and show on the bank statements that are submitted to DSS.

I did not report burial plans because the eligibility review forms do not ask for that information. The information requested is for life insurance. None of the wards have life insurance. The burial plans will be reported on all wards moving forward.

I requested a list of the wards in question. The report states 6 wards could be impacted. I have contacted the DSS and am working on resolving the issues.

- 5.2 *My case load has grown from 42 wards when taking office in 2013 to 59 open cases, and recently closing 3 other cases which was a case load of 62. Most administrators in Missouri have at least one full-time person in their office to help with the work load. Texas County Commissioners only allow me help for 12 hours a week. This barely gives the helper time to keep up with the filing on a weekly basis. I have to wear many hats in my daily duties; there are priorities that may not always be understood by those who do not fully understand the daily work a Public Administrator does. I am doing my best to get settlements filed on time. I do not receive reminders from the Probate Clerk, and sometimes the settlement dates get past me because of my rigorous schedule. I will do my best to improve and assure settlements are filed timely.*

6. Prosecuting Attorney's Controls and Procedures

Controls and procedures in the Prosecuting Attorney's office need improvement. The office collected approximately \$134,000 in bad check and court-ordered restitution and fees and delinquent taxes during the year ended December 31, 2016.

6.1 Inactive bank account

The Prosecuting Attorney maintains an inactive bad check bank account. The balance of this account was \$10,902 as of December 31, 2016, comprised of \$1,626 that belongs to a minor victim and \$9,276 that is unidentified.

Maintaining an inactive account increases the risk of loss, theft, or misuse of funds. Various statutory provisions provide for the disposition of unclaimed monies.

6.2 Accounts receivable

The Prosecuting Attorney's office does not generate or prepare monthly lists of unpaid bad checks or a report of unpaid court-ordered restitution, including



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court-ordered restitution for bad checks. At our request, a list of accounts receivable was prepared as of July 12, 2017, that identified \$2,930 of unpaid bad checks and \$102,413 in court-ordered restitution outstanding.

A complete and accurate list of unpaid bad checks and restitution would allow the Prosecuting Attorney's office to more easily review the amounts due, take appropriate steps to ensure amounts due are collected, and determine if any amounts are uncollectible.

Similar conditions
previously reported

A condition similar to section 6.1 was noted in our prior 3 audit reports, and a condition similar to section 6.2 was noted in our prior audit report. In addition, Report No. 2015-27, *Follow-Up Report on Audit Findings - Texas County* (sections 4.2 and 4.3), issued in May 2015, reported the status, at that time, as in progress for sections 4.2 and 4.3.

Recommendations

The Prosecuting Attorney:

- 6.1 Dispose of monies held in the inactive bank account in accordance with state law and close the account.
- 6.2 Establish procedures to monitor and collect accounts receivable.

Auditee's Response

- 6.1 *This bank account was opened in 2003 to be used as the administrative handling fee fund, which is for bad check and restitution fees collected. From 2003 to May 2015 this account accumulated \$9,276. Pursuant to 559.100, RSMo, this account, after a complete financial audit, will be closed as a "bad check" account and will be segregated for use by the Prosecuting Attorney for expenses to serve the citizens of Texas County.*
- 6.2 *The Prosecuting Attorney sets in place, through pleas of guilty and terms of probation, requirements that defendants pay restitution on a monthly basis. The requirements that defendants pay the required monthly amount is supervised by a probation officer, either private probation officer or a state employed probation and parole officer. Failure by a defendant to pay restitution results in a probation violation report by the probation officer and a motion to revoke probation by the Prosecuting Attorney. The Court hears the Prosecutor's motion to revoke probation and then revokes the probation or continues the defendant on probation. A monthly report of unpaid restitution is additional and redundant work for the one prosecutor office of Texas County, considering the probation officer is doing the same work. Regardless, in the interest of better serving the citizens of Texas County, the Prosecuting Attorney will begin to generate reports that calculate outstanding restitution and payment history. Unfortunately in the world of crime, defendants who steal or*



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damage other persons or their property often do not have the means to pay for the damage caused. Therefore defendants are often sentenced to serve periods of incarceration with judgements entered against them knowing the likelihood of collection of the restitution is low.

7. Recorder of Deeds' Segregation of Duties

The Recorder of Deeds has not adequately segregated accounting duties or ensured independent reviews of detailed accounting and bank records are performed. The office collected various fees totaling approximately \$194,000 related to recording documents, such as marriage licenses and deeds, during the year ended December 31, 2016.

The Recorder of Deeds and her deputy receive and record monies. In addition, the Recorder of Deeds deposits monies received, prepares checks for disbursement, and reconciles the bank account. An independent review of the detailed accounting and bank records is not performed by the full-time deputy clerk in the office.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting and bank records are essential.

Recommendation

The Recorder of Deeds segregate accounting duties or ensure independent or supervisory reviews of detailed accounting and bank records are performed and documented.

Auditee's Response

The deputy and I will continue to complete the nightly deposit but have started initialing the bottom of each deposit slip to show who completed the deposit slip for that day. Our daily printouts will continue to be printed, signed, and verified. I currently submit monthly reports to the County Commission showing all monies received during the month and a breakdown of the four check disbursements that are written out monthly. These reports consist of printouts from our computer software and spreadsheets. The deputy will now review and initial the monthly reports prior to them being submitted to the County Commission. The deputy will also review and initial the monthly bank reconciliations.

8. County Clerk's Deposits

Monies received are not deposited timely. The County Clerk's office collected approximately \$26,000 for liquor, merchant, and auctioneer licenses; sale of plat books; notary service and commissions; and other miscellaneous fees during the year ended December 31, 2016.

The County Clerk typically makes deposits once per month. To safeguard receipts and to reduce the risk of loss, theft, or misuse of monies received,



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procedures should be established to ensure all monies received are deposited timely.

Recommendation

The County Clerk ensure monies received are deposited timely.

Auditee's Response

I will assess and decide the best way to proceed in my office; either by closing the bank account and transmitting funds to the County Collector-Treasurer or making deposits timelier.

**9. County Assessor's
Receipting,
Recording, and
Transmitting**

The County Assessor has not established proper controls or procedures for receipting, recording, and transmitting monies. The office collected approximately \$15,000 for maps and miscellaneous fees during the year ended December 31, 2016. We reviewed monies received during June through August 2016, and identified various concerns.

- Some receipt slips were not accurately recorded on monthly fee reports. A \$5 receipt slip issued in July was not included on the monthly fee report, and a receipt slip issued for \$5.95 in July was crossed out and mutilated, but then recorded on the monthly fee report as an \$8 receipt. The method of payment recorded on the receipt slips also did not always agree to the method of payment recorded on the monthly fee reports.
- The total amount of June cash receipt slips did not agree to the total amount of cash transmitted to the County Treasurer that month.

Failure to implement adequate receipting, recording, and transmitting procedures increases the risk of loss, theft, or misuse of monies received will go undetected.

A similar condition was noted in our prior audit report.

Recommendation

The County Assessor ensure all monies are accurately recorded on the monthly fee report, reconcile the composition of receipt slips to the composition of payments recorded on the monthly fee report, and ensure all monies collected are transmitted to the County Treasurer.

Auditee's Response

We have made a policy to have two different office personnel or myself (County Assessor) and another staff member, which is usually my Deputy Assessor, to both tally and make sure all receipts, monies, and spreadsheets are all accounted for prior to turning over to the County Collector-Treasurer. This review will be done by each person and not seen by the other parties until it's all done. Copies of our tape totals are taped on the back of each sheet and initialed.



10. Habilitation Board Conflict of Interest

The Board does not adequately monitor its activities for potential conflicts of interest and did not properly report compensation paid to the Board Secretary to the Internal Revenue Service (IRS).

The Board pays an individual \$100 a month to serve as the Board's secretary and to maintain all financial and other board records. The Board secretary is also the manager of a sheltered workshop, and the Board's co-chairwoman works for that workshop. The Board awarded \$195,000 of funding to this workshop for the year ended December 31, 2017. These situations may present a potential conflict of interest because of the business relationship of the 2 organizations. In addition, the Board did not file a 1099-MISC form with the IRS for the payments made to the Board secretary.

To provide greater assurance the Board is acting independently and in the best interest of the county, board members should not be associated with the workshops the Board is funding. Sections 6041 to 6050W of the Internal Revenue Code require non-wage payments of at least \$600 in one year for professional services or for services performed as a trade or business by non-employees (other than corporations) be reported to the federal government on 1099-MISC forms.

Recommendation

The Habilitation Board should discuss this matter with the County Commission and the need to ensure future appointments to the Board will not result in a possible conflict of interest with entities with which the board conducts business, and prepare and file 1099-MISC forms with the IRS as required.

Auditee's Response

The Habilitation Board provided the following response:

We agree that there is a potential for conflict of interest considering that one Board member is also employed by the sheltered workshop. Considering the volunteer nature of a position on the Board and the difficulty in obtaining qualified, informed and truly dedicated individuals to fill positions such as this, the Board takes great pride in its members. Knowing the possibility of such conflicts of interest, the Board ensures that all decisions made are properly discussed and voted on. Any issues that present a conflict for any member are decided without input or persuasion from the conflicted Board member.

We agree that a 1099-MISC form should be prepared and issued to anyone receiving over \$600 in compensation for nonemployee services. In the future, all disbursements to any employees for services provided to the sheltered workshop or the Board will be properly accounted for and reported to the IRS on an annual basis.



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The County Commission indicated they will ensure future appointments to the Board will not result in conflicts of interest and make sure 1099 forms are prepared and filed.

Texas County Organization and Statistical Information

Texas County is a township-organized, third-class county. The county seat is Houston.

Texas 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 72 full-time employees and 9 part-time employees on December 31, 2016. The townships maintain county roads.

In addition, county operations include a Habilitation 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
Fred W. Stenger, Presiding Commissioner	\$	29,390
John Casey, Associate Commissioner		27,390
Doyle Heiney, Associate Commissioner		27,390
Lindsay Koch, Recorder of Deeds		41,500
Laura Crowley, County Clerk		41,500
Parke J. Stevens Jr., Prosecuting Attorney		136,402
James L. Sigman, Sheriff		46,000
Thomas Whittaker, County Coroner		14,000
Connie E. Thompson, Public Administrator		41,500
Tammy Cantrell, County Collector-Treasurer, (1) year ended March 31,	47,857	
Debbie James, County Assessor, year ended August 31,		41,500
Charles Manier, County Surveyor (2)		N/A

(1) Includes \$6,357 of commissions paid by the cities for collecting city property taxes.

(2) Compensation on a fee basis.

Other Information

In 2006, the county contracted with an underwriter to finance the building of a new county justice center and jail. Also included in the project was the remodeling of the current courthouse. The financing arrangement required the underwriter to issue \$15 million in certificates of participation (COPs) and for the county to lease the new facility over the 20-year period the debt would be paid off. In 2016, the county refinanced the COPs for \$8,225,000. The



Texas County
Organization and Statistical Information

county's lease payments equal the amount of debt principal and interest, and the county will take ownership of the center when the debt is extinguished, which is scheduled for 2025.