



Office of Missouri State Auditor
Nicole Galloway, CPA

Bollinger County



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Bollinger County

Prosecuting Attorney's Controls and Procedures	Controls and procedures in the Prosecuting Attorney's office need improvement. The Prosecuting Attorney has not adequately segregated accounting duties or performed documented supervisory reviews of detailed accounting and bank records. The Prosecuting Attorney does not disburse fees to the County Treasurer monthly as required by law. The Administrative Assistant does not prepare bank reconciliations timely or prepare monthly lists of liabilities. Improvement is needed to better monitor and pursue collection of receivables. The Prosecuting Attorney has not established adequate procedures to ensure 10-day letters are issued and charges are filed timely with the court for unresolved bad check complaints.
Sheriff's Controls and Procedures	The Sheriff's office has not remitted net proceeds to the County Treasurer from the commissary account for deposit to the Inmate Prisoner Detainee Security Fund, and the County Commission has not established that fund. Controls and procedures over receipting need improvement. The Sheriff has not entered into written agreements with the surrounding counties or cities for the boarding of prisoners. The Sheriff has not recently performed an analysis to support the daily billing rate for boarding prisoners.
Fuel Use	Fuel purchased by the Road and Bridge department is not accounted for properly or monitored, and the department does not reconcile fuel use to purchases. The Sheriff's office does not compare mileage records with fuel purchases for reasonableness.
Sales Tax Levies	As noted in our 3 prior audit reports, no attempt has been made to correct sales tax levies that exceed maximum rates specified by state law. This situation puts the county at risk of litigation and financial loss.
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 **Fair**.*

*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.

Bollinger County

Table of Contents

State Auditor's Report	2
------------------------	---

Management Advisory	
Report - State Auditor's	
Findings	
1. Prosecuting Attorney's Controls and Procedures	4
2. Sheriff's Controls and Procedures	6
3. Fuel Use.....	8
4. Sales Tax Levies.....	9

Organization and Statistical	11
Information	



NICOLE GALLOWAY, CPA

Missouri State Auditor

To the County Commission
and
Officeholders of Bollinger County

We have audited certain operations of Bollinger County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Bollinger County for the 2 years ended December 31, 2016. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2016. The objectives of our audit were to:

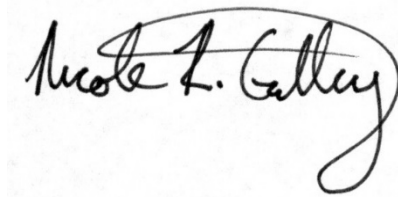
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal control, (2) 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 Bollinger County.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is fluid and cursive, with a large loop at the end of the last name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Chris Vetter, CPA
In-Charge Auditor:	Joyce Thomson
Audit Staff:	Morgan Alexander Stephen Powers

Bollinger County

Management Advisory Report

State Auditor's Findings

1. Prosecuting Attorney's Controls and Procedures

Controls and procedures in the Prosecuting Attorney's office need improvement. The office collected approximately \$4,520 in fees during the year ended December 31, 2016.

1.1 Segregation of duties

The Prosecuting Attorney has not adequately segregated accounting duties or performed documented supervisory reviews of detailed accounting and bank records. The Administrative Assistant, the Prosecuting Attorney's only employee, receives, records, and deposits monies; prepares checks; and reconciles the bank account. The Prosecuting Attorney does not perform a documented supervisory review of the detailed accounting and bank records to ensure all monies received are properly recorded and deposited and disbursed to the appropriate party.

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 necessary.

1.2 Disbursements

The Prosecuting Attorney does not disburse fees to the County Treasurer monthly as required by law. Although administrative handling and Missouri Office of Prosecuting Services (MOPS) fees were collected every month during 2016, they were only disbursed in June and September 2016, and January 2017.

To ensure all disbursements are accounted for properly and reduce the risk of loss, theft, or misuse of funds, fees received should be disbursed timely. Sections 50.360 and 50.370, RSMo, require all county officials who receive fees or any other remuneration for official services to pay such monies monthly to the County Treasurer. Section 570.120.5, RSMo, requires all MOPS funds to be transmitted monthly by the County Treasurer to the Missouri Director of Revenue.

1.3 Bank reconciliations

The Administrative Assistant does not prepare bank reconciliations timely. She typically performs 3 months of reconciliations at the same time. In addition, she does not prepare monthly lists of liabilities for reconciliation to the account balance. As of January 21, 2017, the reconciled account balance was \$2,025.

Performing adequate monthly bank reconciliations helps ensure records are accurate and increases the likelihood errors will be identified. Regular identification and comparison of liabilities to the reconciled cash balance is necessary to ensure records are in balance and monies are available to satisfy all liabilities.



Bollinger County
Management Advisory Report - State Auditor's Findings

1.4 Accounts receivable

Improvement is needed to better monitor and pursue collection of receivables. The Administrative Assistant does not prepare a monthly list of unpaid bad checks and restitution. As a result, the amount of unpaid receivables is unknown and the need for follow up on specific cases may not be identified timely. At our request, the Prosecuting Attorney's office was unable to determine a total of unpaid receivables due to lack of appropriate records.

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

1.5 Ten day letters and charges filed

The Prosecuting Attorney has not established adequate procedures to ensure 10-day letters are issued and charges are filed timely with the court for unresolved bad check complaints. The 10-day letter notifies the bad check writer he/she has 10 days to pay bad check restitution before charges are filed.

We reviewed 5 bad check cases and noted the Prosecuting Attorney's complaint forms do not require a date of complaint. As a result, the Prosecuting Attorney cannot demonstrate that bad check complaints are processed timely.

Section 570.120, RSMo, states a person commits the offense of passing a bad check when he or she does not pay an insufficient check within 10 days of receiving actual notice in writing that it has not been paid. Procedures should be established to ensure 10-day letters are issued promptly upon receipt of a complaint and charges are filed timely with the court for unresolved bad check complaints. Untimely processing of bad check complaints may limit the ability to collect bad check payments for victims.

Recommendations

The Prosecuting Attorney:

- 1.1 Segregate accounting duties or ensure documented independent or supervisory reviews of detailed accounting and bank records are performed.
- 1.2 Transmit fees monthly to the County Treasurer in accordance with state law.
- 1.3 Perform bank reconciliations monthly. In addition, the Prosecuting Attorney should ensure monthly lists of liabilities are prepared and reconciled to the account balance. Any differences between accounting records and reconciliations should be promptly investigated and resolved.



Bollinger County
Management Advisory Report - State Auditor's Findings

Auditee's Response

- 1.4 Establish procedures to monitor and collect accounts receivable.
- 1.5 Establish procedures to ensure 10-day letters are issued timely and charges are filed with the court timely.
- 1.1 *The Prosecuting Attorney reviews and now signs off on accounting and bank records prepared by the Administrative Assistant as part of segregating accounting duties.*
- 1.2 *Pursuant to Sections 50.360 and 50.370, RSMo, the Prosecuting Attorney will disburse fees to the County Treasurer on a monthly basis.*
- 1.3 *Bank reconciliations will be prepared, attendant with a list of liabilities, on a monthly basis.*
- 1.4 *The Prosecuting Attorney's Office has implemented the use of case management software to monitor and collect unpaid bad checks and restitution.*
- 1.5 *The Prosecuting Attorney's Office will require a date of complaint on complaint forms to ensure 10-day letters are issued timely and charges are filed with the court timely.*

2. Sheriff's Controls and Procedures

The county does not have an Inmate Prisoner Detainee Security Fund and the Sheriff's office does not issue receipt slips for civil paper service fees. In addition, improvements are needed related to the boarding of prisoners. The Sheriff's office received payments for bonds, concealed carry weapon permits, civil paper service fees, and other miscellaneous receipts totaling approximately \$73,000 during the year ended December 31, 2016.

2.1 Inmate commissary account

The Sheriff's office has not remitted net proceeds to the County Treasurer from the commissary account for deposit to the Inmate Prisoner Detainee Security Fund, and the County Commission has not established that fund. The commissary account consists of inmate monies and the net proceeds from commissary sales. The commissary account balance was \$8,681 at December 31, 2016.

Section 221.102, RSMo, requires each county jail to keep revenues from its commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (net proceeds) into the county Inmate Prisoner Detainee Security Fund held by the County Treasurer.

2.2 Receipting

Controls and procedures over receipting need improvement.



Bollinger County Management Advisory Report - State Auditor's Findings

- Receipt slips are not issued for civil paper service fees received. The Sheriff's office remitted \$7,300 to the County Treasurer for civil paper service fees during the year ended December 31, 2016.
- The numerical sequence of receipt slips is not accounted for properly.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds or errors occurring and going undetected, proper receipting and recording procedures are necessary.

2.3 Prisoner boarding

The Sheriff has not entered into written agreements with the surrounding counties or cities for the boarding of prisoners detailing the housing rate to be paid, the services to be provided, or any required notification for emergency or non-routine situations. The Sheriff has several verbal agreements to allow Bollinger County to house prisoners at another jail without paying if Bollinger County will house prisoners for that county or city free of charge as well. The Sheriff sometimes bills other entities for boarding prisoners, but has not performed an analysis to support the daily billing rate of \$37. This rate has been in effect since January 2013. The county received approximately \$4,000 for boarding prisoners for the year ended December 31, 2016.

Section 432.070, RSMo, requires contracts for political subdivisions to be in writing. 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. In addition, to ensure the county is billing at a rate that adequately recovers all costs, amounts charged for incarceration should be analyzed periodically and compared to billing rates.

Similar conditions previously reported Recommendations

Similar conditions to sections 2.2 and 2.3 were noted in our prior audit report.

The Sheriff:

- 2.1 Work with the County Commission to establish an Inmate Prisoner Detainee Security Fund, and disburse net proceeds not necessary to meet cash flow needs or current operating expenses to the County Treasurer for deposit in that fund.
- 2.2 Ensure prenumbered receipts slips are issued for all monies when received and the numerical sequence of receipt slips is accounted for properly.



Bollinger County
Management Advisory Report - State Auditor's Findings

- 2.3 Work with the County Commission to obtain written agreements with counties and cities for the boarding of prisoners. In addition, the Sheriff and the County Commission should periodically review the costs of boarding prisoners and establish billing rates sufficient to recover costs.

Auditee's Response

The Sheriff provided the following responses:

- 2.1 *I will consult with the County Commission, the County Treasurer, and our inmate commissary provider to establish an Inmate Prisoner Detainee Security Fund for depositing of net proceeds into a separate bank account from the Inmate Commissary Program.*
- 2.2 *The Office Manager will maintain a numerical ledger or receipt book to adequately safeguard civil paper services monies received.*
- 2.3 *I will consult with counties and local municipalities in reference to the recommendation for having written agreements for the amounts to be charged, the services provided, or any required notification for emergency or non-routing situations. I will consult with the County Commission on the setting of rates for the boarding of inmates held for other agencies.*

The County Commission provided the following responses:

- 2.1 *The County Commission will work with the Sheriff and the County Treasurer to establish an Inmate Prisoner Detainee Security Fund that will be held by the County Treasurer.*
- 2.3 *The County Commission is working with the Sheriff's office to enter into written agreements with the surrounding counties and cities for the boarding of prisoners. Also, we will work with the Sheriff to perform an analysis to support the daily billing rate every 2 years.*

3. Fuel Use

The county does not reconcile fuel usage to fuel purchases. During the year ended December 31, 2016, fuel purchases totaled approximately \$93,000 for the Road and Bridge department and approximately \$34,000 for the Sheriff's office.

- Fuel purchased by the Road and Bridge department is stored in bulk fuel tanks. Six of the 9 county bulk fuel tanks are not equipped with fuel meters. Without fuel meters, the amount of fuel dispensed cannot be determined, thus fuel pumped from the tanks is not accounted for properly or monitored by county officials.



Bollinger County Management Advisory Report - State Auditor's Findings

In addition, the Road and Bridge department does not use available records to reconcile fuel use with fuel purchases. Even though 3 of the 9 county bulk fuel tanks are metered, department personnel do use fuel pumped information available to reconcile with fuel purchases. Also, mileage logs are maintained for the Road and Bridge trucks, but usage is not reconciled to fuel purchases.

- The Sheriff's office does not compare mileage records with fuel purchases for reasonableness. While beginning and ending odometer readings are recorded daily on dispatch logs, this information is not used to determine the reasonableness of monthly fuel billings. The current fuel card vendor for the Sheriff's office provides miles per gallon rates for all Sheriff's office vehicles. The Sheriff should periodically review fuel usage for reasonableness and document his review.

Procedures for reconciling fuel use to fuel purchases are necessary to ensure vehicles and equipment are properly utilized; prevent paying vendors for improper amounts; and decrease the risk of loss, theft, or misuse of fuel occurring and going undetected.

A similar condition was noted in our prior audit report.

Recommendation

The County Commission require fuel meters on all bulk fuel tanks, fuel logs to be maintained, and ensure logs are reviewed for accuracy and reconciled to fuel purchases. Any significant discrepancies should be promptly investigated. In addition, the Sheriff should periodically review his office's fuel usage for reasonableness and document his review.

Auditee's Response

The County Commission provided the following response:

We are in the process of implementing fuel usage logs and putting fuel meters on the remaining tanks.

The Sheriff provided the following response:

In addition to reviewing the fuel log each month, I will sign and date to verify that the log was reviewed. In my absence the log will be reviewed by the most senior staff member.

4. Sales Tax Levies

As noted in our 3 prior audit reports, no attempt has been made to correct sales tax levies that exceed maximum rates specified by state law. County voters have authorized 4 separate sales tax levies under Section 67.547, RSMo, and the total sales tax rate imposed under this section exceeds the statutory maximum allowed. Although we reported this issue in our 2004 audit report (No. 2004-80, *Bollinger County, Missouri*, issued in September 2004), county officials placed new sales tax ballot measures on the August



Bollinger County Management Advisory Report - State Auditor's Findings

2006 and April 2007 election ballots. The County Commission has previously indicated the county does not plan to change any of the sales tax levies because they were approved by voters.

County records provide the following information regarding sales taxes levied under Section 67.547.

- In April 1989, voters approved a one-half cent general sales tax levy. Under this tax, the General Revenue Fund received approximately \$349,000 in 2016.
- In August 2006, voters approved a one-eighth cent sales tax levy for funding senior citizens services. Under this tax, the Senior Citizens Service Board Fund received approximately \$87,000 in 2016.
- In April 2007, voters approved a one-half cent general sales tax levy to replace an expiring sales tax. Under this tax, the General Revenue Fund received approximately \$349,000 in 2016.

Also, under this statutory authority, voters approved a one-half cent sales tax levy in April 2003 that expired in October 2007.

Section 67.547.3, RSMo, allows counties to impose a rate of one-eighth, one-fourth, three-eighths, or one-half cent. Although there is no provision against having 3 sales taxes under this section, the total sales tax rate cannot exceed one-half cent. Attorney General's Opinion No. 61-1989 (March 22, 1989) states that a county cannot exceed the one-half cent tax rate under Section 67.547, RSMo. With the two sales taxes for general operations and the senior citizens sales tax approved under Section 67.547, RSMo, the county is imposing total levies of one and one-eighth cent (five-eighths cent above the statutory maximum allowed).

By continuing to maintain sales tax levies above the statutory maximum allowed under Section 67.547, RSMo, the County Commission has put the county at risk of litigation and financial loss. If the sales tax levy issue was litigated and the county ordered to discontinue collection of sales tax levies exceeding the statutory maximum, the county would lose a significant funding source and could have to refund the excess sales tax collections.

Recommendation

The County Commission should consult with legal counsel to review the various sales tax levies and determine which are valid and what further steps to take.

Auditee's Response

The County Commission does not plan to change any of the sales tax levies because they were approved by the voters and the county cannot risk the potential loss of revenue.

Bollinger County

Organization and Statistical Information

Bollinger County is a county-organized, third-class county. The county seat is Marble Hill.

Bollinger 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 roads and 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 32 full-time employees and 17 part-time employees on December 31, 2016.

In addition, county operations include Senate Bill 40 Board, Senior Citizens Service Board, and Law Enforcement Restitution 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
Travis M. Elfrink, Presiding Commissioner	\$	27,080
Steve Jordan, Associate Commissioner		25,080
James Null, Associate Commissioner		25,080
Dana Fulbright, Recorder of Deeds		38,000
Brittany Hovis, County Clerk		38,000
Heath Robins, Prosecuting Attorney		45,000
Darin Shell, Sheriff		42,000
Naomi Null, County Treasurer		38,000
Charles Hutchings, County Coroner		11,000
Larry L. Welker, Public Administrator		25,000
Sonya Fulton, County Collector (1), year ended February 28,	39,206	
Ronda Elfrink, County Assessor, year ended August 31,		38,000

- (1) Includes \$1,206 of commissions earned for collecting village and drainage district property taxes.