



Nicole Galloway, CPA

Missouri State Auditor

**St. Francois County
Prosecuting Attorney**

Report No. 2019-041

June 2019

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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the St. Francois County Prosecuting Attorney

Background	The former Prosecuting Attorney, Jerrod Mahurin, began employment with the county in 2008, as an Assistant Prosecuting Attorney. On January 16, 2012, he was appointed as Prosecuting Attorney, and he was subsequently elected as Prosecuting Attorney, and served through December 31, 2018. In July 2018, the State Auditor's Office (SAO) received complaints through its Whistleblower Hotline alleging fiscal mismanagement within the St. Francois County Prosecuting Attorney's office. The SAO started an audit in September 2018, after authorization by the St. Francois County Commission.
Bonuses and Payroll Records and Policies	The Prosecuting Attorney approved year-end bonuses for all legal secretaries and the Office Manager in 2012, 2013, 2015, and 2017 totaling \$21,400 contrary to state law. Timesheets and leave records were not prepared for the 4 Assistant Prosecuting Attorneys as required by the county's personnel policy, and 2 Assistant Prosecuting Attorneys received compensation for private attorney work performed on county time.
Disbursements	Various employees of the Prosecuting Attorney's office, including the Prosecuting Attorney, frequently did not comply with the county's reimbursement policy and many employee reimbursements were not a prudent or necessary use of public funds. The Prosecuting Attorney and his employees requested and received reimbursement of meals that exceeded the county's meal limit by \$2,621, and in some instances requested meal reimbursements when meals were already provided. The Prosecuting Attorney allowed county-owned vehicles to be taken home by the Investigator and had not established procedures to adequately review and document the necessity and justification for their use.
Accounting Controls and Procedures	Controls and procedures in the Prosecuting Attorney's office need significant improvement. The Prosecuting Attorney had not adequately segregated accounting duties or performed supervisory reviews of accounting records. The Prosecuting Attorney had not established proper controls or procedures for receipting and transmitting monies. The Prosecuting Attorney frequently reduced or dismissed charges on traffic tickets by requiring defendants to make a donation, ranging from \$150 to \$500, to The BackStoppers, Inc. Improvement is needed to better monitor and pursue collection of receivables. The Prosecuting Attorney had not established adequate procedures to ensure restitution amounts owed by defendants and other case information was accurately entered into the computerized accounting system.
Electronic Data Security	The Prosecuting Attorney had not established adequate password controls to reduce the risk of unauthorized access to office's computers and data. Employees were not required to change passwords periodically.

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.

St. Francois County Prosecuting Attorney

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NICOLE GALLOWAY, CPA

Missouri State Auditor

To the County Commission
and
Prosecuting Attorney of St. Francois County

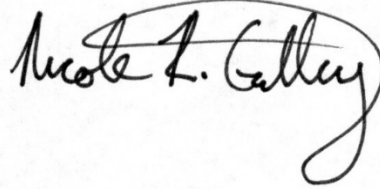
We have audited certain operations of the St. Francois County Prosecuting Attorney's office in fulfillment of our duties under Section 29.200.3, and Section 50.057, RSMo. Due to a complaint received through its Whistleblower Hotline alleging fiscal mismanagement, the State Auditor's Office initiated the audit with the approval of the St. Francois County Commission. The scope of our audit included, but was not necessarily limited to, the period from January 16, 2012, through December 31, 2018. The objectives of our audit were to:

1. Evaluate the Prosecuting Attorney's internal controls over significant management and financial functions.
2. Evaluate the Prosecuting Attorney's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of the Prosecuting Attorney's management practices and procedures, including certain financial transactions.
4. Determine if improper use of public resources occurred and, if so, quantify the amount to the extent possible.

Our methodology included reviewing 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 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.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, (3) the need for improvement in management practices and procedures, and (4) improper disbursements including bonuses totaling \$21,400, excessive meal reimbursements totaling \$2,621, and other questionable employee reimbursements totaling \$356. The accompanying Management Advisory Report presents our findings arising from our audit of the Prosecuting Attorney of St. Francois 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:

Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Pamela Allison, CPA, CFE
In-Charge Auditor:	James C. Kayser, CFE

St. Francois County Prosecuting Attorney

Introduction

Background

State law defines the duties of county Prosecuting Attorneys, which include prosecuting civil and criminal actions of the county or state, defending all suits against the county or state, and prosecuting actions for the recovery of debts, fines, penalties and forfeitures accruing to the county or state. The Prosecuting Attorney's office collected \$198,584 in bad check and court ordered restitution, administrative handling fees, and delinquent state taxes during the year ended December 31, 2018.

Bad check and criminal restitution is transmitted to victims, and administrative handling fees are transmitted to the County Treasurer for deposit into the Bad Check Fund and the Administrative Handling Fund as provided by Section 570.120, RSMo. The Administrative Handling Fund was opened in 2013 and the Bad Check Fund was closed in 2015, and both funds were used during 2013, 2014, and 2015. Pursuant to Section 136.150, RSMo, the Prosecuting Attorney assists the Missouri Department of Revenue in the collection of delinquent state taxes, licenses, and fees, and receives collection fees from the state that are deposited into the Delinquent Tax Fund as provided by Section 56.312, RSMo. Both types of fees are allowed to be expended by the Prosecuting Attorney for various expenses associated with the office's operation. Section 56.765, RSMo, provides for the collection of a surcharge in criminal and infraction cases by each court to be deposited into a fund for the purpose of providing training to the Prosecuting Attorney and his/her staff (Training Fund). The county's General Revenue Fund also provides funding for operating costs of the Prosecuting Attorney's office. All of these funds are held by the County Treasurer and disbursements go through the normal county process, where check requests and supporting documentation are submitted to the County Auditor's office and County Commission to review for compliance with bid requirements and other legal provisions, with checks then issued and distributed by the county.

The former Prosecuting Attorney, Jerrod Mahurin, began employment with the county in 2008, as an Assistant Prosecuting Attorney. On January 16, 2012, he was appointed as Prosecuting Attorney, and he was subsequently elected as Prosecuting Attorney, and served through December 31, 2018. During the year ended December 31, 2018, the Prosecuting Attorney received compensation of \$138,738. The Prosecuting Attorney's office had 16 full-time employees, including attorneys, an investigator, and clerical staff, as of December 31, 2018. Melissa Gilliam was sworn into office as Prosecuting Attorney on January 2, 2019.

In July 2018, the State Auditor's Office (SAO) received complaints through its Whistleblower Hotline alleging fiscal mismanagement within the St. Francois County Prosecuting Attorney's office. The SAO conducted an initial review of these matters under Section 29.221, RSMo. After completion of a review of documentation and communications provided, the SAO determined further investigation was warranted under Section 29.221, RSMo. SAO personnel informed the St. Francois County Commission that our office had



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received credible complaints and that under Section 50.057, RSMo, first class counties, such as St. Francois County, may request the State Auditor conduct an audit of a particular official or office. In August 2018, the St. Francois County Commission requested the State Auditor conduct an audit of the Prosecuting Attorney's office, and the audit began on September 11, 2018.

The scope of our audit included, but was not necessarily limited to, the period from January 16, 2012, through December 31, 2018. As of May 21, 2019, former Prosecuting Attorney Mahurin had refused to provide written representations to our office as requested on April 18, 2019. We asked him to provide, among other things, the following written representations:

- "We have not knowingly withheld from you any records that in our judgment would be relevant to your audit."
- "We have no knowledge of any fraud or suspected fraud affecting the Prosecuting Attorney's office and involving administrative officials; employees who have significant roles in internal control (e.g., processing transactions or safeguarding assets); or others."

Refusal to provide such representations is concerning and may indicate information potentially relevant to our audit was not provided.

St. Francois County Prosecuting Attorney Management Advisory Report State Auditor's Findings

1. Bonuses and Payroll Records and Policies

The Prosecuting Attorney approved bonuses to employees totaling \$21,400 contrary to state law. Timesheets and leave records were not prepared for Assistant Prosecuting Attorneys as required by the county's personnel policy.

1.1 Bonuses

The Prosecuting Attorney approved year-end payments for all legal secretaries and the Office Manager in 2012, 2013, 2015, and 2017 totaling \$21,400 from the Prosecuting Attorney Bad Check Fund, Prosecuting Attorney Delinquent Tax Fund, and/or the Prosecuting Attorney Administrative Handling Fund. The Prosecuting Attorney prepared and submitted a purchase order and requisition form for these payments each year, and the County Commission and County Auditor approved these forms. In addition, in December 2017, the Prosecuting Attorney submitted a letter indicating "the Prosecuting Attorney's office would like to take \$7,000 from the PA Handling Fund and transfer it to the General Fund. We would like to donate \$3,500 to St. Francois County and the other \$3,500 to allocate as a temporary salary adjustment amongst 8 employees as follows: . . ."

The Prosecuting Attorney also transferred \$1,637 from the Prosecuting Attorney Bad Check Fund to the General Revenue Fund in 2015 to cover the county's portion of payroll costs associated with the bonuses. During the other years (2012, 2013, and 2017), the county General Revenue Fund covered the costs associated with the bonuses.

The Prosecuting Attorney did not document or otherwise detail these year-end payments in annual budgets of these funds. No differences were noted between the budget documents prepared for 2012, 2013, 2015, and 2017 (the years these payments were made) and the budget documents prepared for 2014, 2016, and 2018 (the years these payments were not made). Documentation was also not maintained to show that these year-end payments were part of a defined compensation plan or that additional duties were performed to substantiate these additional payments. As a result, these one-time annual payments are bonuses. The following table provides a summary of the bonuses paid each year.

Year	Number of Employees	Amount Paid per Person	Purpose Documented on the Purchase Order and Requisition Form	Bonus Amount Paid From Each Fund			Total
				Bad Check Fund	Delinquent Tax Fund	Administrative Handling Fund	
2012	9	\$ 500	Salary/training/salary supplements	\$ 2,250	2,250	0	4,500
2013	8	550	Training with Karpel/salaries	2,000	2,400	0	4,400
2015	9	1,000	Supplemental income	3,300	2,000	3,700	9,000
2017	8	438	Temporary salary adjustment	0	0	3,500	3,500
Total				\$ 7,550	6,650	7,200	21,400



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These payments 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 (June 14, 1955), which states, ". . . a government agency which derives its power and authority from the Constitution and laws of this state would be prohibited from granting extra compensation in the form of bonuses to public officers or servants after the service has been rendered."

1.2 Assistant Prosecuting Attorneys time

Timesheets and leave records were not prepared for the office's Assistant Prosecuting Attorneys as required by the county's personnel policy. These employees are salaried and earn and take leave (sick and vacation); however, their leave was not tracked. The former Prosecuting Attorney indicated he did not require the Assistant Prosecuting Attorneys to prepare timesheets or leave records because he considered them salaried and exempt and that these employees would not be paid for any unused leave upon termination of employment. However, the county's personnel policy indicates each employee will complete a timesheet, and the timesheet will be verified by the department head or official. Also, tracking time is necessary to monitor leave earned and taken.

In addition, 2 Assistant Prosecuting Attorneys completed private work for wards of the probate court and received guardian ad litem fees from the ward and/or the county through the probate court for the services provided. One of the Assistant Prosecuting Attorneys was paid \$2,350 and the other was paid \$200 for these services. The former Prosecuting Attorney and the Assistant Prosecuting Attorney who was paid \$2,350 indicated the work was completed during regular county work hours. The former Prosecuting Attorney indicated he allowed these employees to do this private work on county time and receive this compensation. Allowing completion of private work during regular county work hours is questionable and does not appear to be a prudent or necessary use of public funds.

Without timesheets and leave records, the Prosecuting Attorney and county does not have sufficient records to ensure the validity of payroll disbursements and compliance with leave policies.

Recommendations

The Prosecuting Attorney:

- 1.1 Discontinue the practice of paying bonuses.
- 1.2 Require Assistant Prosecuting Attorneys to prepare timesheets and leave records, and reevaluate the policy of allowing assistant prosecuting attorneys to complete private work for compensation during regular county work hours.



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Auditee's Response

The current Prosecuting Attorney provided the following responses:

- 1.1 *I will discontinue my predecessor's practice of paying bonuses.*
- 1.2 *I will require Assistant Prosecuting Attorneys to prepare timesheets and leave records. I have discontinued the practice of allowing private work for compensation during regular county work hours.*

The former Prosecuting Attorney provided the following responses:

- 1.1 *The prosecutor did not pay "bonuses," however the prosecutor made requests, which were then approved by the county commission for salary adjustments for employees, as was the practice of the office of Wendy Horn before Jerrod Mahurin became prosecutor. Further the commission gave approved salary adjustments out of the Administrative Handling Fund, which is provided for in Section 559.100, RSMo. There were years where the commission did not approve the salary adjustments and no adjustments were made.*
- 1.2 *Assistant Prosecutors are salaried not hourly employees. Second point the prosecutor does not control judges' decisions nor does the prosecutor mandate when an attorney is appointed as a Guardian ad Litem. Therefore, the prosecutor cannot disallow the attorneys to be summoned to work in court. The auditor addresses the prosecutor allowing work to be done, however, gives no mechanism for stopping a judge appointing an employee.*

The County Commission provided the following responses:

- 1.1 *After two years' concentrated effort of policy revision, we adopted an updated policy manual for the first time in decades on June 27, 2017. Section 6 of that policy outlines the requirement of the pay/grade step system. This system requires all salary adjustments be done through the Commission's approval. With one exception, at the end of that same year, no bonuses have happened since.*
- 1.2 *The new Prosecuting Attorney has already taken steps to solve this internal departmental process.*

Auditor's Comment

Pertaining to the former Prosecuting Attorney's responses:

- 1.1 The transactions reviewed did not include the time period former Prosecuting Attorney Horn was in office. While Section 559.100, RSMo, provides for employee salaries, it does not authorize bonuses or additional compensation for services previously rendered that are in violation of the Missouri Constitution and contrary to Attorney



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General Opinion. Regardless of County Commission approval, the payments represent bonuses that are contrary to state law. In addition, former Prosecuting Attorney Mahurin did not request year-end payments for his employees during 2014, 2016, or 2018.

- 1.2 While the Judge ordered the attorneys to serve as the ward's Guardian ad Litem; the order did not provide for the attorneys to complete private work on county time. This was authorized by former Prosecuting Attorney Mahurin, with no requirement for these employees to take leave or work extra hours to make up the time.

2. Disbursements

Significant weaknesses exist in the controls and procedures over the Prosecuting Attorney's office disbursements.

2.1 Employee reimbursements

Various employees of the Prosecuting Attorney's office, including the Prosecuting Attorney, frequently did not comply with the county's reimbursement policy and many employee reimbursements were not a prudent or necessary use of public funds. These employee reimbursements were made from the Administrative Handling Fund, the Bad Check Fund, the Delinquent Tax Fund, the Training Fund, and the General Revenue Fund. We reviewed employee reimbursements during the period January 16, 2012, through September 11, 2018, and noted various concerns.

Excessive cost of meals

The Prosecuting Attorney and his employees requested and received reimbursement of meals that exceeded the county's meal limit by \$2,621 in total for the period reviewed, and in some instances requested meal reimbursements when meals were already provided. The Prosecuting Attorney exceeded the county meal limit for 15 of the 34 days for which he requested reimbursement of meal costs, with meals that exceeded the county's meal limit by \$754; 2 Assistant Prosecuting Attorneys exceeded the county meal limit for 29 of 69 days for which they requested reimbursement of meal costs, with meals that exceeded the county's meal limit by \$1,174; and the Investigator exceeded the county meal limit for 12 of 45 days for which he requested reimbursement of meal costs, with meals that exceeded the county's meal limit by \$307. Various other employees of the Prosecuting Attorney's office also exceeded the county meal limit with meals that exceeded the county's meal limit by \$386.

Examples of some evening meals that exceeded the county's meal limit included:



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Employee	Date	Restaurant	Amount
Prosecuting Attorney	08/29/12	J. Bruner's	\$ 127 ¹
Prosecuting Attorney	08/29/13	JB Hook's	157 ¹
Prosecuting Attorney	08/27/14	JB Hook's	119 ²
Assistant Prosecuting Attorney	04/05/12	JB Hook's	96 ¹
Assistant Prosecuting Attorney	08/29/12	J. Bruner's	116 ¹
Assistant Prosecuting Attorney	08/29/13	JB Hook's	88 ¹
Assistant Prosecuting Attorney	04/16/14	JB Hook's	102 ¹
Assistant Prosecuting Attorney	08/27/14	JB Hook's	86 ¹
Total			\$ 891

¹An itemized invoice detailing the items purchased was not submitted with the reimbursement.

²Oysters, steak, and lobster (one meal) were purchased.

County Auditor Burgess took office on January 1, 2015, and served until January 18, 2017, and he implemented procedures to limit meal reimbursement costs to county policy. However, the Prosecuting Attorney and his employees continued to submit meal costs in excess of county policy. We noted other limited instances during 2017 and 2018 where meal costs were reimbursed that exceeded county policy.

In addition, we noted several instances where employees were reimbursed for meals purchased from outside restaurants when the seminar provided a meal as part of the registration fee; therefore, the cost of the meal should not have been reimbursed. As a result, many of these meals were not a prudent or necessary use of public funds.

The county's travel expense policy from January 16, 2012, through June 27, 2017, provided for the maximum reimbursement of authorized meals and tips combined, whether in state or out of state, to be \$36 per day (with no breakdown by meal). The county's travel expense policy was revised effective July 1, 2017, and provides for the reimbursement of authorized meals and tips combined, whether in state or out of state to be \$50 per day (\$10 for breakfast, \$15 for lunch, and \$25 for dinner). County policy from 2012 to current requires an itemized bill for the reimbursement of meals.

Supporting documentation

We identified numerous purchases without adequate supporting documentation, and in some cases no documentation beyond the travel expense form. In many instances, only a credit card charge slip was submitted rather than a detailed invoice or receipt slip. The county's travel policy requires reimbursement requests include itemized invoices. As a result of the lack of documentation, we could not determine if some non-reimbursable expenses, such as alcoholic beverages, entertainment, laundry and cleaning, etc. as outlined in the county's travel policy, were reimbursed.



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In addition, we identified 19 instances where a travel expense form was not prepared and submitted to support employee reimbursements in compliance with county policy. In these instances, employees either sent an email listing the expenses incurred, prepared a list of expenses to be reimbursed, or submitted receipts to the Office Manager to be approved by the Prosecuting Attorney. This documentation was then transmitted to the County Auditor and County Commission for their approval. The county's travel policy requires travel expense forms be prepared by employees monthly and approved by the department head and County Commission before being processed for payment.

The county's travel policy indicates all efforts shall be made to keep travel expenses to a minimum and training courses will benefit both the employee and the county. However, no documentation was maintained to explain the necessity or benefit to the county as to reimbursements paid to an Assistant Prosecuting Attorney for travel to out of state seminars. The county reimbursed this Assistant Prosecuting Attorney \$3,802 to attend 3 out of state National District Attorney Association seminars held in 2012, 2014, and 2015. The former Prosecuting Attorney indicated this Assistant Prosecuting Attorney attended training out of state because he did not attend some days of group trainings held within the state and covered the office while other attorneys attended these in-state group trainings.

Other questionable
reimbursements

We identified other employee reimbursements that were questionable, or likely unnecessary and not a prudent use of public funds.

- The Investigator requested and received reimbursement of a \$53 room service meal purchased on October 25, 2012, and a \$56 room service meal purchased on April 17, 2014, twice, by submitting the meal cost with his meal reimbursement request and again with his separate hotel cost reimbursement request. These meal reimbursements are included in the \$2,621 of meal costs that exceeded the county's meal limit as previously discussed.
- An Assistant Prosecuting Attorney requested reimbursement of \$123, the cost of an additional night at a hotel where a seminar was held on July 13 through 14, 2012. The hotel bill included charges for 3 nights (July 12 through July 14, 2012). This Assistant Prosecuting Attorney requested reimbursement of \$124, the cost of an additional night at a hotel where a seminar was held on July 19 and July 20, 2013. The hotel bill included charges for both nights. No documentation was included on the reimbursement claim forms to explain the extra night stay. The seminars were held approximately 3 hours from Farmington, the county seat, and ended at approximately 4 p.m. Therefore, the cost of the additional night's stay on July 14, 2012, and July 20, 2013, was likely unnecessary.



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Conclusion

Internal Revenue Service (IRS) regulations require under an accountable plan that an employee must adequately account for his/her expenses for reimbursed amounts received. If that does not occur for some or all of the reimbursements received or if some of the expenses do not have a business connection, the unaccounted for portion or non-business related costs would generally be considered taxable income that would need to be reported on W-2 forms. Because procedures have not been established to ensure IRS regulations are followed, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

Detailed supporting documentation improves the county's ability to review charges and provides better documentation of the items purchased to ensure charges are reasonable and in accordance with established policies. In addition, public funds should be spent only on items necessary and beneficial to the county. County residents have placed a fiduciary trust in their public officials to spend county revenues in a prudent and necessary manner.

2.2 Take home vehicle

The Prosecuting Attorney allowed county-owned vehicles¹ to be taken home by the Investigator and had not established procedures to adequately review and document the necessity and justification for their use. In addition, questionable repair costs to one of these vehicles were incurred, and the Investigator did not follow county policy.

The Prosecuting Attorney's office disbursed \$57,938 related to obtaining these vehicles and for fuel, repairs, and maintenance during the period January 16, 2012, through July 19, 2018. Some of the fuel costs were paid by the Sheriff's office and could not be determined. A new vehicle was purchased for the Investigator's use on September 29, 2016, to replace the previous one assigned to him, and as of January 11, 2019, the vehicle's odometer indicated 47,113 miles had been driven. A vehicle usage log was not maintained by the Investigator, and he generally worked in the office.

We estimated the Investigator commutes 10,535 miles a year (43 miles*5 days*49 weeks [excludes 3 weeks of vacation]) in a county-owned vehicle. This averages 878 personal commuting miles a month, and personal commuting miles represent approximately 51 percent (24,145 miles) of the total miles driven in the new vehicle. While the former Investigator indicated he was deputized and on call, he also indicated it had been years since he was called out. IRS regulations do not consider commuting of law enforcement employees on call at all times in clearly marked law enforcement vehicles a taxable benefit when specific criteria are met; however it is not clear the vehicle usage of the Investigator meets this criteria. Federal regulations typically require employers to withhold payroll taxes and include the value of

¹ Two vehicles were used by the investigator during the audit period with only one vehicle assigned to the office at a time.



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personal (commuting) use of a business-owned vehicle in taxable income. The IRS provides several methods to determine vehicle commuting values.

In addition, in May 2014, the Prosecuting Attorney's office incurred questionable vehicle repair costs totaling \$1,513, and the Investigator did not report the accident in compliance with county policy. County policy states "Employees shall report to the police department any accidents involving a County vehicle and the property or vehicle of another party." The damages to the county-owned vehicle occurred at the Investigator's home involving an accident with his wife's personal vehicle. The former Investigator indicated that he did not file an accident claim with either his own personal vehicle insurance company or with the county's insurance company. The Prosecuting Attorney approved paying the repair costs from county funds.

Allowing an employee to take a county-owned vehicle home, results in additional and unnecessary costs to the Prosecuting Attorney's office. Given the high costs associated with vehicle ownership, and maintenance and fueling, the Prosecuting Attorney's office should periodically perform a cost-benefit analysis of owning a vehicle for office use. The county's residents have placed a fiduciary trust in their public officials to spend tax revenues in a necessary and prudent manner. The Prosecuting Attorney should ensure county funds are spent only on items necessary and beneficial to the county.

Recommendations

The Prosecuting Attorney:

- 2.1 Establish oversight procedures to ensure employee reimbursements are reasonable, proper, sufficiently documented, and follow county policy; and ensure the county subjects unsupported reimbursements to payroll tax withholdings as appropriate and amends prior W-2 forms, if necessary. The Prosecuting Attorney should also ensure all disbursements are a necessary and prudent use of public funds.
- 2.2 Reevaluate the assignment of a county-owned vehicle, ensure adequate documentation is maintained regarding the justification, approval, and monitoring of the vehicle, and ensure the county complies with IRS guidelines for reporting personal commuting mileage.

Auditee's Response

The current Prosecuting Attorney provided the following responses:

- 2.1 *I will establish a procedure to provide oversight to ensure employee reimbursements are reasonable, proper, follow county policy and require sufficient documentation to support any and all disbursements.*
- 2.2 *The previous investigator is no longer employed with my office. The new investigator does not use the county car as a take home vehicle,*



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and he tracks his mileage and documents the purpose of each use of the county-owned vehicle.

The former Prosecuting Attorney provided the following responses:

- 2.1 The meal items listed were a correct reflection of what was approved by prior commissioners and prior prosecutor Wendy Horn. The policy for allowing for deviations from the county policy of certain amounts per day were set before Jerrod Mahurin took office and were continually approved by all commissioners, treasurers and auditors (including outside auditors) before now because of the standing agreement between the prior commissioners and prior prosecutor, further any other trips were compliant with the county policy as no deviations were approved.*
- 2.2 The vehicle was routinely used by the investigator and only the investigator after hours for service of the prosecutor's office and was required to be used for those purposes alone.*

The County Commission provided the following responses:

- 2.1 On July 1, 2017, we changed the meal reimbursement policy. No violations were cited for 2018 and 2019. Early on we questioned certain bills in our approval process and the practice has not been noted since.*
- 2.2 The person involved with the lack of vehicle records is no longer employed by the Prosecuting Attorney's office. The current Prosecuting Attorney has taken steps to resolve this situation.*

Auditor's Comment

Pertaining to the former Prosecuting Attorney's responses:

- 2.1 The transactions reviewed did not include the time period former Prosecuting Attorney Horn was in office. No documentation was provided of a "standing agreement" between prior County Commissioners and the prior Prosecuting Attorney, and the County Commissioners indicated they were unaware of any "standing agreement." County travel policies were in place during the period of our review for all county employees to follow.
- 2.2 The Investigator, the former Prosecuting Attorney, and other county officials/employees confirmed to audit staff that the Investigator used the county-owned vehicle for commuting purposes. The odometer reading of this county-owned vehicle and the vehicle damage incurred at the Investigator's home further substantiate that county-



owned vehicles were used by the Investigator for commuting purposes.

3. Accounting Controls and Procedures

3.1 Segregation of duties

Controls and procedures in the Prosecuting Attorney's office need significant improvement.

The Prosecuting Attorney had not adequately segregated accounting duties or performed supervisory reviews of accounting records. The Bad Check Clerk was responsible for receipting, recording, and transmitting bad check monies to the victim or the Office Manager, and the Restitution Clerk was responsible for receipting, recording, and transmitting court-ordered restitution monies to the victim or the Office Manager. The Office Manager was responsible for transmitting monies to the County Treasurer.

In addition, the Bad Check Clerk and Restitution Clerk had the ability to record adjustments and delete transactions in the computerized accounting systems without independent approval. Also, reports of adjustments made to the computerized accounting systems and deleted transactions were not generated and independently reviewed. At our request reports of adjustments and deleted transactions were generated, and during the period January 1, 2017, through September 11, 2018, the clerks made no adjustments and deleted 11 payments totaling \$5,303. Adequate documentation was not retained to support or explain the reasons for the deletions.

Neither the Prosecuting Attorney, Office Manager, nor other clerks performed documented supervisory or independent reviews of accounting records to ensure all monies received were properly recorded and transmitted or disbursed to the appropriate party.

Internal controls would be improved by segregating the duties of receiving, recording, and transmitting monies. Proper segregation of duties is necessary to ensure all transactions are accounted for properly, adjustments are valid, and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting records are essential and should include comparing daily receipt activity to transmittals and a review of adjustments made to the accounting system.

3.2 Receipting and transmitting

The Prosecuting Attorney had not established proper controls or procedures for receipting and transmitting monies.



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- The Traffic Clerk did not issue receipt slips for traffic ticket payments received or donations received for The BackStoppers, Inc.² The clerk transmitted the traffic ticket payments to the Circuit Clerk's office for deposit and the donations to the Sheriff's office to be passed on to The BackStoppers, Inc. In addition, the transmittals from both the Prosecuting Attorney's and Sheriff's offices were not documented.
- Office personnel did not account for the numerical sequence of receipt slip numbers of the bad check or court-ordered restitution computerized accounting systems.
- The Bad Check Clerk and the Restitution Clerk did not produce receipt reports from the computerized accounting systems listing the receipts comprising each deposit.
- The Bad Check Clerk and Restitution Clerk transmitted fees and restitution made payable to the Prosecuting Attorney and/or county to the Office Manager; however, the Office Manager did not reconcile the receipt slips issued to the monies transmitted. The Bad Check Clerk and Restitution Clerk did not generate a receipt report from the computerized accounting systems to document their transmittal of monies to the Office Manager, but instead prepared a list of monies on hand being transmitted to document the transmittal. As a result, there was no assurance that all monies received in the computerized accounting systems were accounted for and transmitted.
- The Prosecuting Attorney's office did not always transmit court-ordered restitution to victims and fees to the County Treasurer timely.

During a cash count performed on September 11, 2018, we identified 13 money orders, totaling \$995 in bad check fees, that were receipted between July 20 and September 11, 2018, but not transmitted to the Office Manager until September 20, 2018, and the County Treasurer until September 24, 2018. In another example, money orders receipted between May 23, 2018, and July 12, 2018, totaling \$1,524 in bad check fees were not transmitted to the County Treasurer until July 18, 2018, and the transmittal from the Bad Check Clerk to the Office Manager was not documented.

² The BackStoppers, Inc., is a not-for-profit organization that provides financial assistance and support to the spouses and dependent children of police officers, firefighters, and publicly-funded paramedics and EMTs who have lost their lives in the line of duty. This organization also provides assistance to first responders who suffer a catastrophic injury performing their duty. The BackStoppers, Inc. coverage area includes 13 Missouri counties and 5 Illinois counties.



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In addition, some money orders received became stale because office personnel did not timely process restitution and fees received. As a result, county funds were used to "cover" some of the stale money orders received and owed to victims and the ability to deposit fees received was lost. For example, 2 money orders made payable to the county dated October 9, 2008, and totaling \$80 were held and not transmitted to the County Treasurer until May 31, 2012; however, the bank returned the money orders as unpaid and stale. The Prosecuting Attorney approved the County Treasurer paying the victim \$50 from his Bad Check Fund for the victim's portion of the payments received. The other \$30 stale money order represented bad check fees owed to the county. In another example, a \$60 money order dated September 2010, received for bad check fees, was held and not transmitted to the County Treasurer until March 2015. The bank also returned that money order as unpaid and stale.

- Money orders and cashier's checks were not restrictively endorsed at the time of receipt or before transmitting them to the County Treasurer. A cash count on September 11, 2018, identified 15 money orders totaling \$1,065, that had not been restrictively endorsed by the Bad Check Clerk. The former Office Manager indicated that she did not restrictively endorse money orders received prior to transmitting them to the County Treasurer.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, proper receipting and transmitting procedures are necessary. In addition, money orders and cashier's checks should be restrictively endorsed immediately upon receipt.

3.3 Unallowable donations

The Prosecuting Attorney frequently reduced or dismissed charges on traffic tickets by requiring defendants to make a donation, ranging from \$150 to \$500, to The BackStoppers, Inc. During the period January 2017 to March 2018, donations totaling at least \$5,600, were transmitted to this organization. These arrangements/donations were also occurring prior to 2017; however, records were not available for our review. The Prosecuting Attorney's office did not track these arrangements or the subsequent donations made. Although there is an established fee schedule by the court, the amount paid to The BackStoppers, Inc. to amend or dismiss charges could be negotiated with the Prosecuting Attorney. There is no authority for the Prosecuting Attorney to require a donation to reduce or dismiss charges filed on traffic tickets. Article IX, Section 7, Missouri Constitution, states the proceeds of all penalties, forfeitures, and fines are to be distributed to the County School Fund.

In addition, the verbal donation agreement was not part of a written plea agreement and was not approved by the Judge or disclosed in court. Supreme Court Rule 24.02 states that if a plea agreement has been reached by the parties, the court shall require the disclosure of the agreement on the record.



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3.4 Accounts receivable

Improvement is needed to better monitor and pursue collection of receivables. The Prosecuting Attorney's office did not generate or prepare monthly lists of unpaid bad checks or a report of unpaid court-ordered restitution, including court-ordered restitution for bad checks. As a result, the amount of unpaid receivables was unknown and the need for follow up on specific cases may not have been identified timely.

At our request, a list of accounts receivable for unpaid court-ordered restitution from 2015 through 2018 was prepared as of September 11, 2018, that identified \$716,237 in court-ordered restitution outstanding. Also at our request, a list of accounts receivable for unpaid bad check restitution and fees from 2015 through 2018 was prepared as of March 7, 2019, that identified \$188,255 in bad check restitution and fees outstanding.

Complete and accurate lists 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.

3.5 Restitution procedures

The Prosecuting Attorney had not established adequate procedures to ensure restitution amounts owed by defendants and other case information were accurately entered into the computerized accounting system.

During our review of various bad check and court-ordered restitution cases, we noted the total restitution amount owed by the defendant per the computer system did not always agree to case documentation from the court. For example, the accounting system indicated a defendant owed a victim \$1,300 as of January 10, 2019. A \$70 payment was received on January 20, 2017, and entered into the computerized accounting system but subsequently deleted, leaving the balance due at \$1,300. The case file contained a copy of the \$70 money order and documentation that it was transmitted to the victim on January 20, 2017; therefore the balance due to the victim should have been \$1,230. After we discussed this error with the Office Manager, she corrected the balance due on February 4, 2019.

Restitution entered into the computer system should be reviewed and compared with other court documentation to ensure the accuracy of amounts owed and subsequently paid by the defendants. Any differences should be promptly investigated and resolved to ensure the proper amount of restitution is collected.

Recommendations

The Prosecuting Attorney:

- 3.1 Segregate accounting duties or ensure an adequate independent or supervisory review of accounting records is performed and documented. In addition, the Prosecuting Attorney should require reports of adjustments and deleted transactions be generated and



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reconciled to supporting documentation, and a supervisory review and approval of the documentation performed.

- 3.2 Issue prenumbered receipt slips for all monies received, account for the numerical sequence of receipts, produce receipt reports from the systems that reconcile to transmittals, ensure monies are transmitted timely and are adequately documented, and restrictively endorse money orders and cashier's checks immediately upon receipt.
- 3.3 Reevaluate the practice of requiring donations as part of reducing or dismissing charges filed.
- 3.4 Establish procedures to monitor and collect accounts receivable.
- 3.5 Establish procedures to review restitution amounts entered into the computer system to ensure amounts and information agree with court documentation. Any differences should be promptly investigated and resolved.

Auditee's Response

The current Prosecuting Attorney provided the following responses:

- 3.1 *I will segregate accounting duties or ensure an adequate independent or supervisory review of accounting records is performed and documented. I will require reports of adjustments and deleted transactions be generated and reconciled to supporting documentation, and a supervisory review and approval of the documentation performed.*
- 3.2 *I will issue prenumbered receipt slips for all monies received, account for the numerical sequence of receipts, produce receipt reports from the systems that reconcile to transmittals, ensure monies are transmitted timely and are adequately documented, and restrictively endorse money orders and cashier's checks immediately upon receipt.*
- 3.3 *I have ended the practice of requiring donations as part of reducing or dismissing charges filed.*
- 3.4 *I will establish procedures to monitor and collect accounts receivable.*
- 3.5 *I will establish procedures to review restitution amounts entered into the computer system to ensure amounts and information agree with court documentation. Any differences will be promptly investigated and resolved.*



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The former Prosecuting Attorney provided no response to findings 3.1, 3.2, 3.4, and 3.5.

The former Prosecuting Attorney provided the following response:

3.3 Neither the prosecutor nor the court had a fee schedule.

The County Commission provided the following responses:

3.1 Our County Auditor's office now regularly monitors the segregation of duties in all county offices.

3.2 Prenumbered receipt slips are now the norm in the Prosecuting Attorney's office.

3.3 The practice of donation requirements as a part of a plea deal has ceased.

3.4 Accounts receivable are now regularly and properly monitored.

3.5 The Prosecuting Attorney has communicated to us her intent to upgrade her office software to better monitor restitution amounts tendered.

Auditor's Comment

Pertaining to the former Prosecuting Attorney's response:

3.3 The St. Francois County Circuit Court maintains a fine schedule for traffic offenses and provided it to our office.

4. Electronic Data Security

The Prosecuting Attorney had not established adequate password controls to reduce the risk of unauthorized access to the office's computers and data. Employees were not required to change passwords periodically.

Passwords are necessary to authenticate access to computers. The security of computer passwords is dependent upon keeping them confidential. However, since passwords do not have to be periodically changed, there is less assurance access to computers and data files is effectively limited to only those individuals who need access to perform their job responsibilities. Passwords should be confidential and changed periodically to reduce the risk of a compromised password and unauthorized access to and use of computers and data.

Recommendation

The Prosecuting Attorney require confidential passwords that are periodically changed to prevent unauthorized access to office computers and data.



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Auditee's Response

The current Prosecuting Attorney indicated she will require confidential passwords that are periodically changed.

The former Prosecuting Attorney provided no response to this finding.

The County Commission is now directing the county's IT department to oversee the regular change of passwords among the staff of the Prosecuting Attorney's office.