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Missouri State Auditor

Marion County

August 2011

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CITIZENS SUMMARY

Findings in the audit of Marion County

Financial Condition	The General Revenue Fund and the Special Road and Bridge Fund are in weak financial condition and not expected to improve during calendar year 2011. Disbursements have generally exceeded receipts for several years. In addition, due to errors in sales tax reduction calculations and voluntary property tax reductions taken, the county is limited in its ability to levy a general property levy. The County Commission needs to address the situation to avoid the reduction or loss of some county services.
Budgetary Practices	County budgets are not adequately monitored. Although quarterly reports comparing actual to budgeted receipts and disbursements are reviewed, actual disbursements exceeded budgeted disbursements for several funds.
County Sales Tax	The county did not reduce property taxes enough to meet the required 50 percent rollback. Marion County enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of the sales tax collected, but the former County Clerk did not properly ensure the rollback was sufficient. We noted a similar condition in our prior audit report.
Sheriff Controls and Procedures	The Sheriff department's petty cash fund is not maintained at a constant amount, leaving it susceptible to misuse. In addition, the petty cash fund is used to reimburse employees for travel meals, but the amounts are not reported on form W-2 as required by the IRS. Procedures for approving and monitoring disbursements of the Law Enforcement Restitution Fund (LERF) need to be improved and may not be in compliance with state law. The LERF Board approves its budget but does not review and approve specific disbursements, and actual disbursements have consistently exceeded amounts budgeted.
Commissary Controls and Procedures	The Sheriff department needs to improve its reconciliation procedures for the Commissary Account to reduce the risk of errors and misuse. The Sheriff needs to determine the amount of profit, if any, in the account and turn it over to the County Treasurer as required by state law. The Sheriff department does not deposit some receipts, and commissary receipt slips are used for other types of receipts not deposited into the Commissary Account.
Payroll Procedures	Salaried county employees do not prepare and submit timecards, and leave is not granted in accordance with county policy. A similar condition was noted in our prior audit. The Marion County Board of Services for the Developmentally Disabled/Senate Bill 40 Board awarded its Executive Director a one-time bonus of $2,500, in violation of the Missouri Constitution.
County Property	The county is not maintaining up-to-date property records or conducting physical inventories, as also noted in our prior audit report. State law requires counties to account for personal property costing $1,000 or more.

Prosecuting Attorney Controls and Procedures	As noted in our two prior audit reports, the Prosecuting Attorney's office does not adequately account for the receipt and disposition of bad checks, which increases the risk of loss or misuse. The Prosecuting Attorney's office should assign a sequential number to each bad check complaint received that can be used to track the outcome of each matter.
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**.*

American Recovery and Reinvestment Act 2009 (Federal Stimulus)	Marion County did not receive any federal stimulus monies during the audited time period.

*****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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To the County Commission
and
Officeholders of Marion County

We have audited certain operations of Marion County in fulfillment of our duties under Section 29.230, RSMo. In addition, Nichols, Stopp & VanHoy, Certified Public Accountants, has been engaged to audit the financial statements of Marion County for the 2 years ended December 31, 2010. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2010. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

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

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

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

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices. The accompanying Management Advisory Report presents our findings arising from our audit of Marion County.

Thomas A Schweich

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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1. Financial Condition

The financial condition of the General Revenue Fund and the Special Road and Bridge Fund is weak and not expected to improve during the year ended December 31, 2011, which could put citizens at risk of reduction or loss of some county services. The following tables reflect the actual receipts, disbursements, and cash balances of the General Revenue and Special Road and Bridge Funds for the years ended December 31, 2010, 2009, and 2008, along with anticipated amounts for 2011, according to the approved county budgets.

General Revenue Fund		2011 Budgeted	2010 Actual	2009 Actual	2008 Actual
Beginning Balance, January 1	$	80,513	327,780	235,574	635,904
Receipts		4,846,781	4,592,375	4,813,556	4,845,858
Disbursements		4,923,223	4,839,642	4,721,350	5,246,188
Ending Balance, December 31	$	4,071	80,513	327,780	235,574

Special Road and Bridge Fund		2011 Budgeted	2010 Actual	2009 Actual	2008 Actual
Beginning Balance, January 1	$	54,781	68,145	135,341	222,418
Receipts		1,975,235	1,880,559	1,893,688	2,117,026
Disbursements		2,023,904	1,893,923	1,960,884	2,204,103
Ending Balance, December 31	$	6,112	54,781	68,145	135,341

General Revenue Fund and Special Road and Bridge Fund disbursements have generally exceeded receipts and are projected to again exceed receipts during 2011. Additionally, receipts have consistently decreased and are projected to only slightly increase in 2011.

In addition, the county has not sufficiently reduced property taxes by approximately $2.5 million to offset the sales tax rollback requirement (see MAR finding number 3). The county also took a 15 cent voluntary property tax rollback in 2008, which automatically lowered the property tax rate ceiling in 2009. The district again took the voluntary property tax reduction in 2009 and 2010, thereby reducing the tax rate by a total of 30 cents. In addition, by taking the voluntary reduction again in 2010, the property tax rate ceiling is now reduced by a total 30 cents. As a result of these reductions and the various errors, the county might be unable to levy a general tax for 2011, which could significantly affect its financial condition.

It is essential the County Commission address the situation both in the immediate and long-term future. To improve the financial condition of the county, the County Commission should reduce spending as much as possible, evaluate controls and management practices to ensure effective use of county resources, attempt to maximize all sources of revenue, and closely monitor county budgets.

Recommendation

The County Commission closely monitor the county's financial condition and take the necessary steps to improve the financial condition of the General Revenue Fund and the Special Road and Bridge Fund. The County Commission should also perform long-term planning and ensure receipts are maximized and disbursements are closely monitored.

Auditee's Response

The County Commission provided the following response:

A significant portion of this is due to the economic environment. We have and will continue to closely monitor the county's financial condition.

2. Budgetary Practices

County budgets are not adequately monitored. As a result, actual disbursements exceeded amounts budgeted for several county funds under the control of the Sheriff, County Collector, Recorder of Deeds, and Prosecuting Attorney. Although quarterly reports comparing budgeted and actual receipts and disbursements are reviewed by each county official, budgeted disbursements were still exceeded.

Budget documents are an essential tool for the efficient management of county finances. Adequate budget monitoring allows the county to properly react and plan for increased disbursements and deceased revenues.

A similar condition was noted in our prior report.

Recommendation

County officials should adequately monitor budgets to ensure budgeted disbursements are not exceeded.

Auditee's Response

The Sheriff provided the following response:

I agree with this recommendation and will monitor the budgets more closely.

The Collector provided the following response:

I monitor the budget and do everything within my power to ensure the Collector's Tax Maintenance Fund is not overspent. We had equipment failures and had to replace equipment, which I did with funds from the Collector's Tax Maintenance Fund. I had no way of knowing the equipment was going to fail and therefore could not budget for the need of the new equipment. There were funds in the Collector's Tax Maintenance Fund to cover the expenses of the equipment and the purchases did not affect the General Revenue Fund. I will attempt to budget funds for emergency situations in the future and will continue to monitor the budget.

The Recorder provided the following response:

I monitor the budget and do everything within my power to ensure the Recorder's Technology Fund is not overspent. We had computer failures and had to replace these computers, which I did with funds from the Recorder's Technology Fund. I had no way of knowing the equipment was going to fail and therefore could not budget for the need of two new computers. There were funds in the Recorder's Technology Fund to cover the expenses of the two computers and the expenditure did not affect the General Revenue Fund. I will attempt to budget funds for emergency situations and will continue to monitor the budget.

The Prosecuting Attorney provided the following written response:

While some expenditures have exceeded the budgeted amounts, the expenditures were made because the Fund had accumulated more funds than were anticipated. The Fund was never "over-drawn." Every expenditure was made, with the approval of the County Treasurer's Office and the County Commission, pursuant to statue for benefit of the prosecution of crime in Marion County.

3. County Sales Tax

The county has not established procedures to monitor or assess the results of actual property tax reductions for sales tax collections. In addition, errors were made in the sales tax reduction calculation. As a result, property tax reductions were not sufficient to offset sales taxes received by a total of approximately $2.5 million for the years 2003 through 2010.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Marion County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet a 50 percent reduction requirement, and certify to the State Auditor's office the annual property tax levy including the amount the levy is required to be reduced for sales tax collections, as well as any voluntary reductions. For 2007 through 2010, the county certified the sales tax reduction and voluntary reductions as follows:

	2010	2009	2008	2007
Sales tax reduction $	.0336	.0211	.1798	.2450
Voluntary reduction	.1500	.1500	.1553	.0897
Actual tax levy	.1153	.0950	.0950	.1138

The former County Clerk mistakenly utilized the calculated tax rate as the sales tax reduction in 2010 and 2009. In addition, he did not fully compare the estimated reduction amounts to actual amounts to ensure the sales tax reduction complied with state law. Without this calculation, the county cannot consider excess property tax collections from prior years when computing the required reduction for the current year.

As noted in our prior report, the former County Clerk believed the voluntary reduction should also be considered in calculating actual excess and would offset any excess; however, these amounts were clearly designated as voluntary reductions, not sales tax reductions. Also as noted in the prior report, the September 2006 commission meeting minutes indicated the county had voluntarily reduced the General Revenue tax levy to offset the 15 cent levy for the Health Department per the "gentlemen's agreement" when voters passed the separate levy for the Health Department. If the county considers the voluntary reduction to be part of the sales tax reduction calculation, it should certify it as sales tax reduction to the State Auditor's office to clearly show compliance with state law.

Also, it is unclear if sales tax monies distributed to the city Tax Increment Financing (TIF) District should have been considered in the calculation, thus it was not included in the sales tax reduction calculation. The county distributed sales taxes of approximately $112,900, $85,600, $82,200, and $88,600 from the General Revenue Fund to the city TIF district during the years ended December 31, 2010, 2009, 2008, and 2007, respectively.

The county should review the classification of past designations of sales tax and voluntary reductions and ensure future property tax certifications properly reflect the purpose of property tax reductions. In addition, the County Clerk should ensure the proper amounts are utilized as the reductions when setting the tax rates for the year.

A similar condition was noted in our prior report.

Recommendation

The County properly distinguish between sales tax and voluntary reductions on certified property tax forms and assess the results of the actual property tax reductions to clearly show compliance with state law. In addition, the county should consult the Prosecuting Attorney to determine the effect of sales tax distributions to TIF districts on the property tax reduction calculations.

Auditee's Response

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

The County agrees with the Auditor's finding and will distinguish between sales tax reduction and voluntary reductions on certified tax forms. The County agrees to assess the results of the actual sales tax rollbacks to show compliance on future calculations. The County assumed that since it had received a Certification Letter from the Auditor's Office each year that showed that the County was in compliance with Missouri Law, that the

Auditor's office was recalculating the rate to verify it was correct at that time. The County will consult with the Prosecuting Attorney to determine the effect of sales tax distribution to the Walmart TIF district on the calculations.

Auditor's Comment

The State Auditor's office annually certifies tax rates for compliance with Section 137.073, RSMo, which establishes the tax rate ceiling. This certification does not include a review and certification of compliance with Section 67.505, RSMo, which requires property tax reductions for sales tax receipts.

4. Sheriff Controls and Procedures

Sheriff department procedures related to petty cash are in need of improvement. In addition, approval procedures for disbursements from the Law Enforcement Restitution Fund do not appear to comply with state law.

4.1 Petty cash

The Sheriff's department uses a petty cash fund to pay for miscellaneous services, to pay inmates their monies when they have less than $2 in their commissary account when released from jail, and to reimburse employees for lunch and fuel when required to travel out of their official domicile for training purposes. During our review of the Sheriff's department petty cash fund, we noted:

- The petty cash fund is not maintained at a constant amount or on an imprest basis which leaves the petty cash fund more susceptible to abuse or mishandling. The Sheriff indicated the petty cash fund ranges from $400 to $600 and is replenished by requesting a flat amount from the County Treasurer. During the years ended December 31, 2010 and 2009, the Sheriff's department received approximately $2,500 and $1,800, respectively, in petty cash from the Treasurer.

  To reduce the risk of misuse, the petty cash fund should be maintained on an imprest basis. Also, on a periodic basis, cash on hand should be counted and reconciled to the balance per the petty cash ledger by an independent person to ensure funds are accounted for properly.

- The Sheriff provides employees with cash advances from the petty cash fund for meals when they travel out of their official domicile for official county business and for fuel if employees are required to use their personal vehicle. The Sheriff indicated the employees do not have to be in a 12-hour travel status to be provided cash for meals. The funds provided to employees are not reflected on the employees' form W-2 nor are the employees required to account for the funds. The Sheriff indicated approximately $1,600 annually was paid to employees during the 2 years ended December 31, 2010 and 2009.

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

- The petty cash fund is not reimbursed from the Commissary Account for monies disbursed to inmates upon release. The Sheriff refunds the balance of each inmate's account to inmates upon release. When the inmate's balance is less than $2, the inmate is paid from the petty cash fund instead of issuing a check from the Commissary Account to avoid issuing so many small checks which are often never cashed. To properly account for inmate monies, disbursements to inmates from the petty cash fund should be reimbursed from the Commissary Account.

4.2 Law Enforcement Restitution Fund

Procedures for approving and monitoring disbursements of the Law Enforcement Restitution Fund (LERF) are in need of improvement and do not appear to be in full compliance with state law. As a result, disbursements exceeded the budget by approximately $29,300 in 2010 and $50,600 in 2009. Approximately $79,300 and $100,600 were disbursed from the fund during the years ended December 31, 2010 and 2009, respectively.

The LERF Board approves the fund's budget, which outlines the general disbursements (i.e., matching funds for a state law enforcement grant, continuation of the crime victim advocate, etc.) from the fund, at the beginning of the year; however, the LERF Board does not review and approve each specific disbursement from the fund. In addition, it appears neither the Sheriff nor the Prosecuting Attorney closely monitor the actual disbursements from the fund, resulting in the budget being over expended on a consistent basis (see MAR finding number 2).

Section 50.565.2, RSMo, provides that money from the LERF shall only be expended upon the approval of a majority of the members of the LERF Board of Trustees.

Recommendations

The Sheriff:

4.1 Ensure the petty cash fund is maintained on an imprest basis, discontinue the practice of providing employees cash advances for traveling purposes from the petty cash fund, and ensure the petty cash fund is reimbursed from the Commissary Account for monies disbursed to inmates. Furthermore, the Sheriff should develop a travel policy that is in compliance with IRS regulations.

4.2 Work with the Prosecuting Attorney and the LERF Board to establish procedures to require the LERF Board to review and approve each disbursement from the fund.

Auditee's Response

The Sheriff provided the following responses:

4.1 I will maintain the petty cash fund on an imprest basis and discontinue the practice of providing petty cash to employees for fuel. I will not discontinue the practice of providing petty cash to employees for meals when they are required to travel away from the county for official business.

4.2 We met with the LERF Board regarding the additional expenditure; however, the approval might have been prior to the year the monies were spent. I will discuss this situation with the Prosecuting Attorney.

The Prosecuting Attorney provided the following written response:

4.2 The Prosecutor agrees to consider the suggestions of the Auditor concerning working with the Sheriff to more closely monitor the timing of expenditures from the Fund. The Marion County Prosecutor does not agree that the Law Enforcement Restitution Board has failed to approve the expenditures of the Fund pursuant to Missouri Statue 50.565.2. An annual budget is approved by the Board, and no expenditures have been made that were not previously approved by the Board. Admittedly, some expenditures, approved by the Board, were not made during the same budget year as when they were approved. Section 50.565.2 does not require that the Board meet to vote on each individual disbursement from the Fund, as the Auditor suggests. While some expenditures have exceeded the budgeted amounts (particularly relating to those for Courthouse Security), the expenditures were made because the Fund had accumulated more funds than were anticipated. The Fund was never "over-drawn."

5. Commissary Controls and Procedures

Sheriff department controls and procedures for the Commissary Account are in need of improvement. During the 2 years ended December 31, 2010, the Sheriff department received approximately $68,000 annually from inmates for commissary operations.

5.1 Liabilities

Reconciliation procedures for the Commissary Account are not adequate, which increases the risk of errors and misuse. The balance of the Commissary Account exceeded the liability list (list of inmate balances and other monies held) by approximately $4,200 on December 31, 2010.

Monthly lists of liabilities are prepared of inmate balances; however, the lists are not reconciled with the account balance. Although ledgers for the checking account transactions and medical fees charged to inmates are maintained, ledgers for commissary profits (see section 5.2 for additional information on commissary profits), interest income, and disbursement of commissary profit are not maintained. As a result, the Sheriff department cannot determine the amount of profit in the account but believes all monies exceeding the liabilities list are profit or fees that can be spent by the department. However, without a ledger of commissary profits, interest income, and purchases, the Sheriff department cannot ensure records are correct, monies have been properly handled, and the balance remaining in the account represents amounts which can be spent by the department.

5.2 Commissary profits

Commissary profits and other fees collected from inmates are not remitted to the county treasury. For example, the county pays for contracted medical services for inmates from the General Revenue Fund. When an inmate receives medical service, the inmate's account is charged a flat fee based on the medical service received (i.e., doctor fee, nurse fee, etc.); however, the amounts deducted for medical services are not remitted to the county treasurer for deposit to the General Revenue Fund, but are retained in the Sheriff's Commissary Account. The Sheriff indicated the commissary profit and fees retained in the Commissary Account are used to purchase additional commissary items and supplies for the jail.

Section 50.360, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasurer.

5.3 Receipt procedures

Some receipts are not deposited, and commissary receipt slips are used for other types of receipts that are deposited into the Sheriff's General Account and not into the Commissary Account. If an inmate is held for only 24 to 48 hours, their monies are returned to them and not deposited. As a result, the Sheriff cannot reconcile the composition of receipts to deposits. In addition, no one accounts for the numerical sequence of receipt slips issued, which increases the risk of loss, theft, or misuse of funds.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact in a timely manner, the composition of receipts slips issued should be reconciled to the composition of deposits, and the numerical sequence of receipt slips issued should be accounted for properly.

Similar conditions previously reported

Similar conditions to sections 5.1 and 5.2 were noted in our prior audit report.

Recommendations

The Sheriff:

5.1 Ensure the monthly liabilities list is reconciled to accounting records and any differences are investigated and corrected.

5.2 Discontinue the practice of maintaining county fees and commissary profit outside the county treasury. If these monies continue to be maintained in the Sheriff's Commissary Account, a ledger should be maintained detailing the profit and fees received and spent (exclusive of inmate monies).

5.3 Ensure all receipts are deposited intact in a timely manner, reconcile the composition of receipt slips issued to the composition of amounts deposited, and account for the numerical sequence of all receipt slips. In addition, the Sheriff should ensure the appropriate receipt slips are used for each type of receipt received.

Auditee's Response

The Sheriff provided the following responses:

5.1 I agree with this recommendation and will attempt to keep track of the commissary profits.

5.2 I have an understanding with the County Commission that this money is to be used for the inmates and jail. I do not plan to implement this recommendation.

5.3 This recommendation will be implemented.

6. Payroll Procedures

Records and procedures regarding timecards are in need of improvement. In addition, procedures for salaried employees are not in compliance with county policy, and a bonus was paid by the Senate Bill 40 Board. During the years ended December 31, 2010 and 2009, the county disbursed approximately $3.3 million annually for payroll costs.

6.1 Timecards

Timecards are not prepared and submitted to the County Clerk's office and leave is not granted for salaried employees in compliance with county policy.

The county pays 23 employees, excluding elected officials, on a salary basis. Salaried employees do not prepare timecards or submit timesheets; therefore, their immediate supervisor cannot verify the actual time worked during the pay period nor is the County Clerk's office notified of actual time worked for these individuals. In addition, county personnel indicated elected officials or the actual salaried employee, depending on whether an elected official is present in the department, take it upon themselves to grant or not grant leave to salaried employees. The leave unofficially granted to salaried employees is not tracked by the County Clerk's office nor are accumulated leave balances paid to employees upon termination.

The county personnel manual requires every employee complete, on a daily basis, official Marion County timecards distributed by the County Clerk's office and all information on the timecard be verified by the elected official of each office prior to submission to the County Clerk's office. In addition, the personnel manual indicates regular full-time employees of the County, who have completed their introductory period, earn vacation time in conjunction with their years of service and 12 days of sick leave each year, and are paid for unused vacation time upon leaving employment. The manual defines an "employee" as those full or part-time employees of the county who work on a salaried or an hourly basis and who are not elected by the electorate of the county; and defines a "regular employee" as an employee who has been designated to a full-time and regular position in the service of the county.

In addition to complying with county policy, adequate documentation of time worked and leave taken is needed to adequately document the legitimacy of payroll amounts and leave balances. Submission of detailed time records to the County Clerk's office, reviewed and approved by supervisors, would provide support for payroll processed by the county.

A similar condition was noted in our prior audit report.

6.2 Bonuses

The Marion County Board of Services for the Developmentally Disabled/Senate Bill 40 Board (MCBSDD) awarded the Executive Director of the MCBSDD a one-time salary bonus of $2,500 in December 2010. This one-time salary bonus was specifically for services previously rendered and, as such, is in violation of Article III, Section 39 of the Missouri Constitution and contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "…a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

Recommendations

6.1 The County Commission require all county employees comply with the documented personnel policies or update county policies.

6.2 The MCBSDD discontinue the practice of granting employees bonuses.

Auditee's Response

The County Commission provided the following response:

6.1 We will review this situation and determine the best method to implement the recommendation.

The Marion County Board of Services for the Developmentally Disabled and the Executive Director provided the following written response:

6.2 During the May 2011, board meeting the members discussed the concerns of Senate Bill 40 Board awarding employee bonuses and were in consensus that this would no longer be a practice of Marion County Services for the Developmentally Disabled. This is normally not a procedure that has been followed but due to the circumstances of the delayed evaluation for the Executive Director had been approved.

7. County Property

Property records are not up-to-date and various officials are not complying with statutory provisions related to accounting for county property, which increases the risk of loss, theft, of misuse of property. As of December 31, 2010, county property, including building and vehicles, was valued at approximately $16.7 million on the county's insurance policy.

The County Clerk does not have adequate procedures in place to identify property purchases and dispositions throughout the year, and county property records have not been thoroughly updated for several years. In addition, physical inventories of county property are not performed by county officials, updated county property lists are not turned over to the County Clerk, and written authorization is not obtained from the County Commission for the disposition of county property.

Section 49.093, RSMo, requires counties to account for personal property costing $1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in inventory records. Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. These records should be updated for any property additions and approved dispositions as they occur. Physical inventories, proper tagging of county property items, and periodic comparisons of inventories to overall county property records are necessary to evaluate the accuracy of records, and deter and detect theft.

A similar condition was noted in our prior report.

Recommendation

The County Commission and County Clerk implement procedures for tracking and tagging capital asset purchases throughout the year and work with other county officials to ensure complete and accurate inventory records are maintained and annual physical inventories are conducted. In addition, the County Commission should establish procedures for approving all county property dispositions.

Auditee's Response

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

We agree with this recommendation and plan to implement the recommendation within the next few months.

8. Prosecuting Attorney Controls and Procedures

The Prosecuting Attorney's office does not have an adequate system to account for the receipt and eventual disposition of bad checks, which increases the risk of loss or theft of funds. Currently, Marion County merchants complete a complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. If payment is collected by the 10 day deadline, the complaint form and information regarding the handling of the case is not recorded on the case log, thus only complaints not paid within the deadline are recorded on the case log and assigned a sequential number. No identifying or tracking numbers are assigned to the paid complaints in a manner that allows all bad checks complaints to be accounted for properly.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint received and this number should be used to track the status and dispositions of the corresponding bad check. Information in the records should include the complaint number, the merchant name, the issuer of the bad check, and the disposition of the bad check including the date restitution was received and disbursed to the merchant, and the date the criminal case was filed or other disposition.

A similar condition was noted in our two prior audit reports.

Recommendation

The Prosecuting Attorney develop procedures and records that provide sufficient information to better track the disposition of all bad check complaints, including those not prosecuted.

Auditee's Response

The Prosecuting Attorney provided the following written response:

The Marion County Prosecutor does not agree that a "sequential number system" should be implemented as part of the office's bad check system.

All of the information recommended by the Auditor's Office in its "Finding", is already maintained by the Prosecutor's Office. The Prosecutor's Office maintains the system by organizing it based upon the name of the defendant (like it does for all criminal cases), and does not organize it based on a *"sequential number system" as recommended by the Auditor. The complaint by the Auditor is a complaint concerning form and not substance.*

Each bad check presented to the office is accompanied by an informational form completed by the victim. For each defendant, the office staff creates a file (using the defendant name), fills out an "index card" listing each bad check received, the amount of the bad check, the merchant's name, and the date that check was received by the Prosecutor's Office.

The Prosecutor's Office then immediately sends a letter to the defendant demanding payment. Those letters are reviewed by and signed by the Prosecuting Attorney. A copy of the letter is retained in the defendant's file.

Any payment made by the defendant is forwarded to the victim, that day, and a copy of the payment is retained in the Prosecutor's file. The payment is sent with a letter reviewed by, and signed by, the Prosecutor. A copy of that letter is also retained in the Prosecutor's file. The payments are also recorded on a computerized spreadsheet (Excel) which is retained on the office computer, and printed out and placed in the defendant's file.

Any extension for payment by the defendant is confirmed in writing by a letter which is reviewed by and signed by the Prosecuting Attorney. A copy of this letter is also retained in the Prosecutor's files.

The Prosecuting Attorney, and his staff, review all bad checks referred for prosecution on a monthly basis. The timely review of these bad checks is monitored by a separate employee in the Prosecutor's Office through the use of the office-wide tickle-card system.

If no payment is received, a criminal complaint is filed with the Associate Court. That complaint is reviewed by and signed by the victim. That complaint is also reviewed by and signed by the Prosecuting Attorney. The Prosecutor's Office then follows it's normal procedure in prosecuting the criminal case. A copy of every document related to the case is kept in the Prosecutor files.

Once the case has reached a disposition, the results are recorded on an index card, which is kept in alphabetical order (by defendant's name) in the Prosecutor's system. The results are also recorded in the defendant's file.

Marion County
Organization and Statistical Information

Marion County is a county-organized, third-class county. The county seat is Palmyra. The county also has a courthouse in Hannibal that serves as the basis of operations for several county elected officials.

Marion 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. The county employed 99 full-time employees and 3 part-time employees on December 31, 2010.

In addition, county operations include the Senate Bill 40 Board and drainage districts established by the County Commission.

Elected Officials

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

Officeholder	2011	2010
Lyndon Bode, Presiding Commissioner	$	43,510
Robert Heiser, Jr., Associate Commissioner		41,150
Randy Spratt, Associate Commissioner		41,150
Janet Dearing, Recorder of Deeds		62,894
Robert J. Ravenscraft, County Clerk		62,894
Thomas P. Redington, Prosecuting Attorney		109,366
Jimmy Shinn, Sheriff		66,387
F. Jean Buckman, County Treasurer		62,894
Peggy Porter, County Coroner		21,154
Mary Ann Viorel, County Collector, year ended February 28,	26,609	
Lee Viorel, County Collector, year ended February 28,	32,656	
Mark Novak, County Assessor , year ended August 31,		58,629

American Recovery and Reinvestment Act of 2009 (Federal Stimulus)

Marion County did not receive any federal stimulus monies during the 2 years ended December 31, 2010.