



Susan Montee, CPA
Missouri State Auditor

Cedar County



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Susan Montee, CPA

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The following findings were included in our audit report on Cedar County:

Task force monies totaling \$2,008 have not been accounted for. An additional \$1,960 should be billed to the Barton County Sheriff for repayment of drug buy funds erroneously reimbursed. Reimbursement requests and activity reports prepared by the officers for drug buys and information purchases totaling \$12,090 were not reviewed and approved by the Sheriff. Given the risk involved in dealing with cash and illegal drugs an adequate review process of drug and information purchases and reimbursements needs to be established.

Compensatory time earned by task force officers was not calculated in accordance with the county's personnel policy, and as a result, four officers were overpaid. Leave time (vacation, sick leave, and compensatory time taken) was used in the officers' calculations of compensatory time earned. Payroll reports prepared by a task force officer for grant reimbursements were not accurate and did not agree to timesheets prepared and submitted to the County Clerk.

The Sheriff does not have the statutory authority to hold the task force bank account outside the county treasury, and controls and procedures over task force funds need improvement. Adequate supporting documentation was not retained for operating expenses of the task force totaling \$1,260. Informants did not sign 23 receipts for \$3,965 that was provided to them to purchase drugs, as informant payments, or for phone cards and a prepaid cell phone to use in making drug buys. Some task force disbursements did not appear to be prudent and necessary uses of public funds.

Controls and procedures over evidence and seized property obtained by the task force need improvement. A complete log of evidence and seized property is not maintained, evidence records and other task force records were stolen or lost, and evidence records of drugs purchased and evidence seized were not always prepared.

The county had not updated the cost benefit analysis of the county quarry since our prior audit in 2003 or adequately tracked the cost of operating the quarry. The county's quarry is nearing exhaustion, does not appear to be operating as originally estimated, and may result in a financial loss to the county. The County did not always solicit bids nor was bid documentation always retained for various purchases. Invoices relating to the cost of housing inmates were not submitted to the county for payment by the Sheriff in a timely manner.

(over)

YELLOW SHEET

Vehicle mileage and fuel usage logs of the Sheriff's office were not adequately reviewed by the Sheriff or the County Commission until August 2007, and it appears questionable whether some fuel purchases was used solely for county business. For example, an officer frequently fueled his county owned patrol car on Friday and again on Monday when his timesheets indicated he did not work the weekend. This same officer currently uses his county patrol vehicle to take his children to and pick them up from school on a daily basis. Given the high cost of fuel and additional liability incurred with children being in a county owned vehicle, the Sheriff and the County Commission should review the costs of using county owned vehicles only when needed and discontinue allowing children to be transported in county owned vehicles. The county has not established an official domicile for the Crime Victim Advocate, and mileage claimed by the advocate appeared excessive.

The County Collector's annual settlements were incorrect, and protested taxes were not distributed in a timely manner. The County Collector did not correctly calculate and distribute surtax, and Proposition C ratios were not used to calculate various withholdings and commissions.

The DARE bank account was held outside the county treasury, and controls and procedures over DARE funds need improvement. Bank reconciliations were not performed for the Sheriff's fee account in a timely manner, and the Sheriff issued checks when sufficient funds were not available.

Numerous problems were noted relating to the Prosecuting Attorney's accounting controls and procedures. Although many of these problems were noted in our previous two audits, little progress has been made in implementing the recommendations. Procedures for the timely processing and subsequent disposition of bad check complaints have not been established, and court ordered restitution was not always disbursed to the victim in a timely manner. Additionally, weaknesses included inadequate segregation of duties and controls over receipts, and the failure to make deposits timely. No attempt has been made by the Prosecuting Attorney to identify or properly dispose of the monies held in two old bank accounts.

The report includes additional recommendations related to the task force and Sheriff. Also included in the report are recommendations related to county disbursements, budgets and annual maintenance plans, commission minutes, county property records, the property tax computer system, and the Circuit Clerk, Public Administrator, and Senior Citizens Service Board.

All reports are available on our Web site: www.auditor.mo.gov

CEDAR COUNTY

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Cedar County

We have audited certain operations of Cedar County in fulfillment of our responsibilities under Section 29.230, RSMo. In addition, Daniel Jones and Associates, Certified Public Accountants, has been engaged to audit the financial statements of Cedar County for the 2 years ended December 31, 2007. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2007. The objectives of our audit were to:

1. Determine if the county has adequate internal controls over significant management and financial functions.
2. Determine if the county has complied with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain revenues and expenditures.
4. Determine the extent to which recommendations included in our prior audit report were implemented.

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. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We 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, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting

instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

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 History, 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.

The accompanying Management Advisory Report presents our findings arising from our audit of Cedar County.



Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CEDAR COUNTY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Task Force Cash Procedures

Task force monies totaling \$2,008 have not been accounted for, including \$160 erroneously reimbursed to an officer. An additional \$1,960 should be billed to the Barton County Sheriff for repayment of drug buy funds erroneously reimbursed. Periodic surprise reviews of monies held by the officers were not performed by the Sheriff or the Officer in Charge (OIC). The Task Force did not maintain a listing of funds assigned to task force officers, and receipts or other records were not maintained to track funds transferred between officers. Some reimbursement requests and activity reports prepared by the officers were not reviewed by the Sheriff or the OICs.

In May 2006, Cedar County became the host county for the multi-jurisdictional task force and established a bank account. The original task force consisted of four counties and nine cities and was established to provide citizens more effective service concerning the investigation of major crimes and for narcotics control. Membership in this task force has dwindled, and currently the Cedar County Sheriff's office is the only member. The Sheriff currently maintains the task force bank account, seized property, and evidence.

A. Task force monies totaling \$2,008 have not been accounted for. Four task force officers received a total of \$3,000 cash to be used as start up monies to fund undercover drug investigations. An additional \$13,258 was reimbursed to these officers for a total of \$16,258; however, documentation was available to support only \$14,250 expended during the period December 22, 2005 through May 2007 (See Appendix). In addition, \$1,960 should be billed to the Barton County Sheriff for repayment of drug buy funds reimbursed erroneously. Drug buy operations appear to have ceased in June 2007, when grant funds were no longer available to reimburse the officers. Our review of these monies and the related records disclosed the following problems:

- The task force and Sheriff cannot account for the remaining \$2,008 of drug buy monies. We conducted a cash count with the remaining task force officer (who received some of the original start up funds) and the Sheriff on July 16, 2008, and no monies were on hand. Neither the Sheriff nor the remaining officer could provide an explanation for the missing funds. Three of the four officers (who received some of the original start up funds) no longer work for the county and indicated their monies were turned into the remaining task force officer.
- A task force officer was reimbursed by the county on May 21, 2007, and September 5, 2006, for drug buys totaling \$150 and \$40, respectively; however, the investigation reports indicated \$160 was recovered and "placed

back into the undercover officer's buy funds" by the officer. As a result, it appears \$160 was reimbursed to the officer erroneously. The reimbursement made by the county was intended to replenish the drug buy fund for expenses incurred yet the funds had been recovered by the officer. The county should request repayment from the task force officer of the erroneous reimbursements.

- A task force officer was reimbursed by the county on October 2, 2006, for undercover drug buys purchased in September 2006 totaling \$1,960; however, the officer's activity report indicated the officer received these monies from the Barton County Sheriff rather than using the drug buy monies provided by Cedar County. The Barton County Sheriff indicated this was a Barton County case, the officer had given him the monies received from Cedar County in 2006, and he currently has these monies on hand. Cedar County should request repayment of the erroneous reimbursement of drug buy funds from the Barton County Sheriff.

These problems went undetected due to numerous control weaknesses, including little or no supervisory review.

- B. Periodic surprise reviews of monies held by the officers were not performed by the Sheriff or OIC. Surprise reviews are necessary to ensure monies are used for authorized purposes only, are still on hand, and are properly accounted for.
- C. The task force did not maintain a listing of amounts assigned to each of the officers. Each officer typically received reimbursement to replenish the established funds as they were spent. In addition, receipts or other records were not maintained to track funds transferred between officers to make large drug buys or when funds were turned in when officers left the task force. To properly account for funds, a listing of funds assigned to officers and receipts or other records should be maintained to track the transfer of funds between officers.
- D. Reimbursement requests and activity reports prepared by the officers for drug buys and information purchases totaling \$12,090 were not reviewed and approved by the Sheriff.

In addition, the OICs normally reviewed and approved the other undercover officers' reimbursement requests; however, they did not document their review of reimbursement requests totaling \$1,109. One OIC also did not document his review of an officer's detailed activity reports for drug buy purchases totaling \$400. Also, independent reviews of drug buys totaling \$3,435 conducted by the OICs were not performed by the Sheriff.

As a result of the inadequate review process noted above, inaccurate reports prepared by officers went undetected. The amounts spent for drug buys reported on the officers' activity reports did not always agree to the amounts recorded on

the receipt slips issued to the informants making the related drug buys. For example, one officer's activity reports indicated drugs were purchased for \$35 each on April 4, 27, and 28, 2007, for a total of \$105, while the receipt slips issued to the informants making the drug buys indicated only \$30 each or a total of \$90.

The County Commission reviewed and approved the reimbursement requests presented to the county for reimbursement; however, due to the confidential nature of these disbursements, the review was limited to the information provided by the officers, which included the date of purchase, type of purchase (information or drugs), amount, and a case number assigned by the officer.

Given the risk involved in dealing with cash and illegal drugs, an adequate review process of drug and information purchases and reimbursements needs to be established.

WE RECOMMEND the Sheriff and County Commission:

- A. Work with the Prosecuting Attorney to determine any legal action to be taken and to obtain restitution of the missing funds. The County Commission should request \$160 to be returned from the task force officer and bill the Barton County Sheriff for \$1,960 for funds erroneously reimbursed.
- B. Perform periodic surprise reviews of task force monies.
- C. Maintain a listing of funds assigned to task force officers and records to track the transfer of funds between officers.
- D. Adequately review reimbursement requests, activity reports, and receipts issued to informants to ensure monies are handled properly and to ensure the accuracy of all records.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We questioned the Sheriff about the accountability of drug buy monies on numerous occasions. As documented in the August 2007 minutes, we asked the Prosecuting Attorney to review the bookkeeping practices of the Sheriff and task force officers. We rescinded County Ordinance 2007-1 redacting the Sheriff's authority to enter into contracts with the intent to ensure better control of finances. We will ask that legal counsel review these concerns and recommend what legal actions to take. We will also request reimbursement of \$160 of the recovered funds from the task force officer and \$1,960 from the Barton County Sheriff.*
- B. *We plan on performing periodic surprise reviews of task force monies.*

- C. *We will request a listing of funds assigned to task force officers and records that track the transfer of funds between officers. No reimbursements for cash buys or information will be approved until such documentation has been received.*
- D. *We will review records for accuracy.*

The Sheriff provided the following responses:

- A. *I will review this situation with the Prosecuting Attorney.*
- B-D. *These concerns are no longer an issue since the task force is no longer operating.*

2. Task Force Officers Payroll Controls and Procedures

Compensatory time earned is not calculated in accordance with the county's personnel policy, and as a result, four task force officers appear to have been overpaid. Payroll reports prepared for grant reimbursements were not accurate and did not agree to timesheets prepared and submitted to the County Clerk. Adequate documentation of work performed and written agreements were not prepared and obtained for task force officers from other counties. Timesheets prepared by some of the officers were not signed by the officer, OIC, or the Sheriff.

- A. Compensatory time earned by task force officers was not calculated in accordance with the county's personnel policy, and as a result, four officers were overpaid a total of \$21,058 during the 18 months ended June 30, 2007. The officers were compensated at time and a half for work hours in excess of forty hours in a standard work week, while the county's personnel policy indicated overtime for law enforcement personnel was to be based on the provisions of the Fair Labor Standards Act (FLSA) and only work in excess of 171 hours in a twenty-eight day pay period would be compensated at time and a half. In August 2007, the County Clerk brought this concern to the attention of the County Commission. While the County Commission started requiring the officers to accrue compensatory time in accordance with county policy in August 2007, past overpayments were not required to be repaid. The Sheriff reviewed and approved each of the officer's timesheets and did not question these overpayments. All other Sheriff's office employees were compensated for overtime in accordance with county policy.

In addition, the task force officers accruing compensatory time used leave time (vacation, sick leave, and compensatory time taken) in their calculation to determine compensatory time earned. For example, one officer indicated he had worked 190 hours and accrued 30 hours of compensatory time for the work period April 6 through May 3, 2007; however, 80 of the 190 hours were compensatory hours used.

While the county currently requires these officers, as well as all other employees to accrue compensatory time in accordance with the county's personnel policy, leave time (vacation, sick leave, and compensatory time taken) should not be used in the calculation of compensatory time earned and any overpayments should be requested from current and former employees.

- B. Payroll reports prepared by a task force officer for grant reimbursements indicating hours worked and activities performed were not accurate and did not agree to timesheets prepared and submitted to the County Clerk. For example, the payroll report prepared by the officer for grant reimbursement indicated he had worked 199 hours during the time period April 5 through April 30, 2007, while his timesheet only showed 88 hours actually worked during this same time frame. The hours and activities reported on the payroll report in error were during times when the employee was off duty (weekends and when leave was taken by the employee). In June 2007, the County Clerk questioned the discrepancies between several payroll reports and grant reimbursement requests and the employee's timesheets. In July 2007, the Sheriff's office submitted amended grant reimbursement requests for the time period questioned by the County Clerk. The Sheriff had reviewed and approved the original payroll reports, grant reimbursement requests, and employee's timesheets and did not question these discrepancies. However, the Sheriff indicated that once the problem was identified he ensured it was corrected.

To ensure the county continues to only receive reimbursement for grant services provided, payroll reports and timesheets should be adequately reviewed by the Sheriff and County Clerk's office for accuracy.

- C. While timesheets were prepared by the task force officers "on loan" from other counties indicating the dates and hours worked, activity reports documenting the activities each officer performed were not obtained to ensure the officers only worked on narcotics control. In addition, neither the Sheriff nor the County Commission entered into written agreements with the other counties regarding the officers "on loan". The county paid the officers "on loan" from other counties \$22,362 during the period October 2006 through May 2007.

Adequate supporting documentation, including activity reports of officers, should be prepared and obtained to support payroll disbursements. In addition, Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid.

- D. Timesheets prepared by task force officers were not always signed by the employee, OIC, or the Sheriff. Adequate control over payroll disbursements

requires documentation, such as properly completed timesheets signed by employees and approved by supervisors, to provide evidence of time worked.

WE RECOMMEND the Sheriff, County Commission, and County Clerk:

- A. Continue to ensure task force officers only accrue compensatory time in accordance with the county's personnel policy and leave time is not used in the calculation of overtime. In addition, the County Commission should request all overpayments be repaid to the county.
- B. Continue to adequately review the officer's payroll reports, grant reimbursement requests, and timesheets for accuracy.
- C. Ensure adequate documentation is obtained to support payroll payments and enter into written contracts as required by state law.
- D. Ensure all timesheets are signed by the employee and their supervisor to document approval.

AUDITEE'S RESPONSE

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

- A. *We will continue to monitor overtime/compensatory time and will request all overpayments be repaid to the county.*
- B. *We will continue to review payroll reports, grant reimbursement requests, and timesheets for accuracy.*
- C. *We will request adequate documentation to verify payroll payments. In 2007, we requested verification of signed written contracts between members of the task force. The payment of annual dues to the task force was withheld until a form of documentation was provided. In 2008, when such contract was requested, the Sheriff replied he submitted the contract last year, and he would not be asking Cedar County to pay annual dues.*
- D. *Timesheets are currently being monitored to ensure required signatures are obtained.*

The Sheriff provided the following responses:

- A. *This has been implemented. During this time, I do not believe we were in violation of any grant procedures.*
- B. *This has been addressed.*
- C. *This is no longer an issue since the task force is no longer operating.*

D. *I will ensure that all timesheets are signed by me and the employee.*

3. Task Force Accounting Controls and Disbursements
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The Sheriff does not have statutory authority to maintain the task force bank account outside the county treasury, receipt slips or other records of monies received were not maintained, bank reconciliations were not performed on the task force account in a timely manner, and most bank statements were unopened. Bids were not solicited for vehicles leased, and the task force did not enter into written lease agreements for some of these vehicles. Adequate supporting documentation was not available for some disbursements, and some disbursements did not appear to be prudent or necessary uses of public funds. The Sheriff titled and insured a car donated for use in undercover drug operations in his personal name rather than in the name of the county or task force, and the Sheriff did not enter into a written agreement with a used car dealer regarding the use and return of a donated vehicle.

A. The Sheriff currently maintains a task force bank account to receive membership dues and funding from Cedar County and to make disbursements for the task force. This account was opened in May 2006. The task force bank records reflect receipts and disbursements of \$38,923 and \$33,278, respectively, for the period May 2006 through December 31, 2007. The following concerns were identified related to the task force bank account:

- There is no statutory authority that allows the Sheriff to maintain this account outside the county treasury. Attorney General's Opinion No. 45-92 to Henderson states sheriffs are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury.
- Receipt slips or other records of memberships or other monies received are not maintained. A record of all monies received should be maintained to establish an adequate audit trail and reduce the possibility of loss or misuse of funds.
- Bank reconciliations are not prepared for the task force account and most bank statements were unopened. A bank reconciliation was prepared by our office as of December 31, 2007, and the reconciled balance of the bank account was \$5,685. Timely preparation of monthly bank reconciliations is necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors.

B. Bids were not solicited for leased used vehicles used in undercover operations. The car dealer was paid a total of \$8,422 during the 2 years ended December 31, 2007, by the task force and county. In addition, the task force did not enter into lease agreements for some of these vehicles. Further, mileage logs were not maintained for the undercover vehicles.

Section 50.660, RSMo, requires obtaining bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Advertising for bids is required for purchases exceeding \$6,000. Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, and the county's selection process and criteria (including sole source procurement) should be retained to demonstrate compliance with state law and support decisions made. In addition, Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. Fuel and usage logs are necessary to document the appropriate use of vehicles and to also support fuel charges. The logs should include the date, driver, purpose and destination of each trip, and the daily beginning and ending odometer readings for vehicles.

- C. Adequate supporting documentation was not available for disbursements totaling \$1,260. The Sheriff indicated these disbursements were for a variety of items, including cellular phones, car repairs, and electronics.

In addition, receipt slips issued to informants for drug buy monies, payments, and phone cards provided to them by the officers for use in purchasing drugs were not always signed by the informant. For example, informants did not sign 23 receipts for \$3,965 provided to them to purchase drugs or as informant payments, and for phone cards and a prepaid cell phone to use in making drug buys. Further, invoices were not retained by the officers to support the purchase of phone cards totaling \$120 provided to informants.

All disbursements should be supported by paid receipts or vendor provided invoices to ensure the obligation was actually incurred and to ensure the disbursement represents an appropriate use of public funds. In addition, receipt slips issued to informants for drug buy monies, payments, and phone cards and prepaid cell phones should be signed by the informant to ensure the informant actually received the monies, phone cards, or prepaid cell phone.

- D. Some task force disbursements did not appear to be prudent and necessary uses of public funds. For example, the task force purchased six pizzas and six two liter bottles of soft drinks totaling \$108 at a local restaurant in October 2006. The Sheriff indicated a task force board meeting was held at the restaurant and the food was purchased for the attendees; however, task force board meeting minutes indicated the meeting was held several days later in another county. County residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner.

- E. The task force reimbursed the Sheriff \$118 to title a vehicle in his personal name. The Sheriff indicated a local used car dealer donated the car to him as the "Cedar County Sheriff" for use in undercover investigations with the understanding that the vehicle would be returned to the used car dealer after it was no longer needed. It is unclear why the Sheriff titled the car in his personal name rather than in the name of the county or task force.

In addition, the task force reimbursed the Sheriff \$256 for insurance for this vehicle in March 2007, while his personal insurance bill indicated only \$233 was due. The task force paid an additional \$98 to the Sheriff's personal insurance agency for insurance for this vehicle in November 2007. It is unclear why the Sheriff did not insure the vehicle using the county's insurance provider. Further, neither the task force nor the Sheriff entered into a written agreement with the used car dealer regarding the use and return of the donated vehicle.

The used vehicle should be titled in the name of the county or task force and insurance should be obtained through the county's insurance provider. In addition, written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

- F. Although the task force utilized a computerized system to document drug buy reports, evidence records, and other information for each suspect's case file, it failed to periodically back-up information maintained on the system. As a result, all information maintained on the system was lost when the computer system failed on June 23, 2008. Manual case files that were generated from the computerized system were also maintained for each suspect; however, the task force building was burglarized on June 25, 2008, and some records and case files are missing. As a result, all task force information was not available for our review, and there is less assurance that all task force monies and activities have been accounted for properly. Computerized records are at risk of loss due to equipment failure or other electronic disaster. Backup records should be periodically prepared to provide a means of recreating destroyed master records. Backup records should be stored off-site to provide increased assurance that any lost data can be recreated.

WE RECOMMEND the Sheriff and County Commission:

- A. Turn the task force bank account over to the County Treasurer. In addition, the Sheriff should ensure receipt slips or other records of monies received are maintained, and bank reconciliations are performed in a timely manner.
- B. Perform a competitive procurement process for leased vehicles and maintain documentation of decisions made. In addition, the Sheriff should enter into written lease agreements and maintain logs for vehicles which include the purpose

and destination of each trip, and the daily beginning and ending odometer readings for each vehicle.

- C. Require adequate supporting documentation for all disbursements.
- D. Ensure disbursements are necessary and prudent uses of public funds.
- E. Require the donated vehicle to be titled and insured by the county. In addition, the Sheriff should enter into a written agreement with the used car dealer regarding the donation.
- F. Periodically prepare backup records and store them at an off-site location.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *As documented in our minutes, it was agreed upon by the Sheriff and the County Commission that the task force bank account would be turned over to the County Treasurer; however, the Sheriff has not turned these funds over to the County Treasurer yet nor has a budget been submitted for our review.*
- B. *We rescinded County Ordinance 2007-1 redacting the Sheriff's authority to enter into written contracts thus providing more assurance that a competitive procurement process is being performed.*
- C-D. *Once the task force monies and budget are implemented by the Sheriff, we will be able to better monitor disbursements.*
- E. *In 2007, the Sheriff was asked to provide proof of insurance to the county for the donated vehicle, at which time he did. In the future, we will request that any donated vehicles have a written agreement.*
- F. *In 2007, the County Commission purchased a computer server that automatically backs up computer data daily. The backup disc is switched out daily and stored at an off-site location. The Sheriff's Office has chosen not to participate in the provided service. We had no knowledge of any lost records or of the burglary until receipt of this report.*

The Sheriff provided the following responses:

- A. *This account was started as a multi-jurisdictional account held by a board that dissolved and was taken over by me. I plan to turn the monies in this account over to the County Treasurer before I leave office.*
- B-C. *These concerns are no longer an issue since the task force is no longer operating.*

- D. *I recall having a meeting; however, no minutes were taken.*
- E. *Putting the car title in my name was simpler and easier, and using my personal insurance provider saved money. The car has been broken down for over a year, and I have requested the used car dealer to make arrangements to pick it up.*
- F. *I will make sure that backups are performed daily.*

AUDITOR'S COMMENT

- D. The Sunshine Law, Chapter 610, RSMo, requires minutes to be maintained for all meetings.

4. Task Force Evidence and Seized Property

Controls and procedures over evidence and seized property obtained by the task force need improvement. Under the Criminal Activity Forfeiture Act, Section 513.600, RSMo, the task force may seize property after an investigation reveals the property was purchased from proceeds of drug sales. When a drug buy is made or evidence is seized by an officer, an evidence record of drugs purchased and evidence seized is prepared. The evidence record, drugs purchased, and evidence seized are turned into the task force evidence officer who places the drugs and seized evidence into the evidence room and records them on the evidence log. The following concerns were related to the evidence and property seized by the task force:

- A. A complete log of evidence and seized property is not maintained. For example, a search warrant was served on January 7, 2006, and six items were seized per the seizure report; however, only five of these items were recorded on the evidence log. In addition, as noted in MAR finding number 3, evidence records and other task force records are missing. In addition, inventories of evidence and property on hand are not conducted on a regular basis. According to a task force officer, the only physical inventory conducted was completed in December 2007, because of a change in evidence officers.

Considering the often sensitive nature of evidence and seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. In addition, periodic physical inventories should be performed and results compared to the inventory records to ensure the evidence and seized property is accounted for properly.

- B. Evidence records of drugs purchased and evidence seized were not always prepared. In addition, most of the evidence records prepared were not signed by the officers. The evidence records were also not signed by the evidence officer

when he placed the drugs purchased in the evidence room and recorded them onto the log to properly document the chain of custody. Also, the release and subsequent return of drugs to and from the Missouri State Highway Patrol laboratory was not adequately documented on the evidence records. To ensure the proper handling of evidence, adequate documentation should be maintained to support the chain of custody.

- C. Seized property of the task force is not stored in one centralized location, but instead is stored at the Cedar County Task Force building and various other local law enforcement agencies that were once involved with the task force.

To ensure seized property is more easily accounted for and adequately safeguarded, seized property should be stored in one centralized location to ensure limited access.

WE RECOMMEND the Sheriff and County Commission require the task force to maintain a complete inventory log of all seized property including information such as a description, persons involved, current location, case number, and disposition of such property. In addition, a periodic inventory should be performed and compared to the listing and any differences investigated. Evidence records should be prepared for all drugs purchased or evidence seized, and the evidence records should be signed by both the task force officer and evidence officer to ensure the chain of custody is properly documented. Evidence records should also be signed each time evidence is removed or returned from/to the evidence room. The Sheriff should require the task force to store seized property in a centralized location.

AUDITEE'S RESPONSE

The County Commission will request the Sheriff to require the task force to maintain a complete inventory log of all seized property and request such property be stored in a centralized location. The County Commission will also request the Sheriff and Prosecuting Attorney to develop and implement a written policy and procedure to properly control and dispose of evidence and other property in possession of the Sheriff.

The Sheriff indicated the task force is no longer in operation; however, evidence collected shall remain in the custody of his office for safekeeping and safeguarding the chain of evidence and be disposed of by destruction via court order, and non-contraband items not needed for court proceedings will be returned. Records of evidence logs, destruction orders, and receipt of returned property shall be maintained.

5.

County Disbursements

The county has not updated the cost benefit analysis of its quarry operation since our prior audit in 2003 or adequately tracked the costs. The county did not always solicit bids nor was bid documentation always retained for various purchases. Invoices were not

submitted to the county for payment by the Sheriff in a timely manner, and Forms 1099 were not always filed with the Internal Revenue Service (IRS) when required. The county has not established per diems or a detailed travel policy to cover and limit meal expenses for employees when traveling on county business. The county did not always enter into formal written agreements and paid a Sheriff's office deputy for vacation time earned in violation of its own personnel policy. County employees with access to money were not covered by an employee bond.

- A. The county has not updated the cost benefit analysis of its county quarry operation since our prior audit in 2003 or adequately tracked the costs. The county's quarry is nearing exhaustion according to County Commission minutes, does not appear to be operating as originally estimated by the County Commission, and may result in a financial loss. In February 2000, the county purchased 73 acres of land for \$78,810 to be used to quarry hill gravel. The County Commission originally estimated the county would quarry 333,270 cubic yards of gravel at a savings of \$1,101,011 over a fifteen year time span and would result in enough savings to pay off its original investment in just over 5 years.

At our request, the county updated the cost benefit analysis in April 2008 for the activity of the past five years. However, the analysis prepared by the county used the cost of white "chat" gravel to calculate the value of gravel quarried by the county rather than the price of a comparable gravel type, and did not provide for an increase in the costs incurred by the county to quarry the gravel over the past seven years. The county updated its analysis for these concerns at our request.

The updated cost benefit analysis indicated the county has only quarried 45,388 cubic yards, and reported estimated savings of \$87,458 and costs of \$95,420 during the 7 years since the original investment. The savings were estimated based on retail costs of gravel from neighboring quarries and the estimated costs include expenses incurred to build an access road, costs to remove dirt covering the gravel, gravel loading costs, and land reclamation costs incurred to date. The county further estimates that the property can be sold for \$87,600 after estimated reclamation costs totaling \$3,000 are incurred, resulting in a financial loss of \$2,172 on the project.

Good business practice requires the County Commission to continue to track the costs of quarrying the remaining hill gravel and reclamation of the land, and updating cost/benefit analysis periodically to support the county's continued decision making process.

- B. While a review of county minutes and bid files indicated the county bid numerous items, the county did not always solicit bids, document sole source procurement situations, or retain bid documentation for various purchases as noted below:

Item or Service	Cost
Road grader lease	\$ 170,450
Prisoner board (2007)	102,384
Used patrol cars	21,000
Prisoner food (2007)	20,788
Prisoner transportation (2007)	8,875
Used truck	8,000
I-beams for bridge construction	7,700
Copiers	7,080

Section 50.660, RSMo, requires obtaining bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Advertising for bids is required for purchases exceeding \$6,000.

Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, and the county's selection process and criteria (including sole source procurement) should be retained to demonstrate compliance with the law and support decisions made.

- C. Invoices relating to the cost of housing inmates were not submitted to the county for payment by the Sheriff in a timely manner. Four invoices, dated September 15, 2005, September 30, 2005, December 15, 2005, January 15, 2006, totaling \$7,151, were held by the Sheriff and not paid until June 4, 2007. In another example, an invoice dated March 31, 2006, totaling \$701, was held by the Sheriff and not paid until March 12, 2007. As a result, these disbursements were applied to the 2007 Law Enforcement Sales Tax Fund budget. Several other instances were noted where the Sheriff held bills and did not submit them to the county for payment until the following calendar year. The Sheriff indicated he held the bills because he did not have the money in that year's budget. Good business practices require timely payments of invoices. Failure to make timely payments could result in unnecessary penalties and interest.

- D. The county did not prepare IRS Forms 1099 Miscellaneous for payments made to the Assistant Prosecuting Attorney totaling \$1,200 during the year ended December 31, 2006, and for handicap accessibility concrete work totaling \$3,900 during the year ended December 31, 2007. Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

- E. The county has not established per diems or a detailed travel policy to cover and limit meal expenses for employees when traveling for county business and some meal costs appear excessive. For example, the Prosecuting Attorney requested

reimbursement of \$97 for three meals purchased; however, the invoice did not document who the meals were for. The County Commission should adopt travel policies to ensure the county pays for only actual and reasonable travel expenses.

- F. The county did not always enter into formal written agreements defining services to be provided and benefits to be received.
- The county has not entered into a written agreement with the city of El Dorado Springs regarding the prisoner housing rate to be paid, the services to be provided, or any required notification for emergency or non routine situations. Currently, the county charges this city \$25 a day to house the prisoners. In addition, the Sheriff indicated he had a reciprocal verbal agreement with the neighboring counties to house Cedar County prisoners at no charge.
 - The county has not entered into a written agreement with the city of El Dorado Springs for free office space for the crime victim advocate's satellite office.

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

- G. The county paid a Sheriff's office jailer for vacation time earned in violation of its own personnel policy. In June 2007, the county paid the employee \$360 for vacation time earned. The county's personnel policy states, "Vacation leave must be taken as time off-no pay will be issued in lieu of vacation leave." Strict compliance with leave policies is necessary to ensure employees are treated equitably.
- H. County employees who handle monies were not covered by an employee bond. Proper bonding of all persons with access to monies would better protect the officials and county from risk of loss.

Conditions similar to A, B, and D were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Continue tracking the costs of quarrying the remaining gravel and land reclamation costs and update its cost/benefit analysis to support the county's continued decision making process.
- B. Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.

- C. Work with the Sheriff to ensure invoices are paid in a timely manner.
- D. Ensure payments totaling greater than \$600 to non employees and unincorporated businesses are properly reported to the IRS.
- E. Establish a travel policy including per diems to ensure only actual and reasonable travel expenses are reimbursed to employees.
- F. Enter into written agreements with all parties that clearly detail the services to be performed and the compensation to be paid or benefits received.
- G. Ensure compliance with the county's personnel policy.
- H. Obtain adequate bond coverage for all county employees with access to monies.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will continue to track the costs of quarrying the remaining gravel and will more frequently update the cost/benefit analysis to support the county's decision.*
- B. *We will be more mindful of retaining documentation that ensures the county has made every effort to receive the lowest and/or best price for major purchases.*
- C. *We approve bills to be paid weekly. We were unaware of the invoices which had been outstanding for two years until the company contacted the County Clerk's Office voicing their concern. Once notified of the situation, we approved the bills to be paid.*
- D. *The County Clerk inadvertently failed to prepare two IRS Forms 1099 Miscellaneous, one in 2006 and one for contract labor paid by a grant in 2007. In the future, the County Clerk shall double check to ensure all 1099's are filed.*
- E. *We plan on revising the County Handbook to include a detailed travel policy to ensure the county pays for only actual and reasonable travel expenses.*
- F. *We will request all office holders to supply us with written documents for commission approval for agreements defining services to be provided and benefits to be received.*
- G. *In the future, we will be more mindful of the county's personnel policies.*
- H. *All office holders and employees who handle money on a daily basis are properly bonded. The county is currently checking into liability insurance that would protect against misuse of monies by non-bonded employees.*

The Sheriff provided the following responses:

- C. I may have held some bills over due to some budget issues.*
- F. I understand the recommendation.*
- G. I believe the County Commission should be able to make a ruling to help an employee out with a difficult situation.*

The Prosecuting Attorney provided the following responses:

- E. This meal was for the bad check clerk, the crime victim's advocate, and myself.*
- F. The referral to the lack of a written agreement between the City of El Dorado Springs and the county for the office space for the victim advocate's office space does not meet the criteria for a contract, as the city is allowing the advocate to use that space without compensation or benefits.*

6. County Vehicles, Mileage, and Cellular Phones

Vehicle mileage and fuel usage logs of the Sheriff's office were not adequately reviewed by the Sheriff or the County Commission until August 2007, and it appears questionable whether some fuel purchased was used solely for county business. Vehicle mileage and fuel usage logs maintained by the Sheriff's office and road and bridge department are not periodically reconciled to fuel purchases. The county has not established an official domicile for the Crime Victim Advocate, and mileage claimed by the advocate appeared excessive. In addition, controls and procedures over cellular phone usage need improvement.

- A. The county's published financial statements indicated fuel costs of approximately \$57,000 and \$85,000 annually for the Sheriff's office and road and bridge department, respectively. The following concerns were identified relating to fuel usage:

- 1) Vehicle mileage and fuel usage logs of the Sheriff's office were not adequately reviewed by the Sheriff or the County Commission. In August 2007, the County Clerk brought concerns about possible misuse of fuel by employees of the Sheriff's office to the attention of the County Commission.

For example, an officer frequently fueled his county owned patrol car on Friday and again on Monday when his timesheets indicated he did not work the weekend. Fuel valued at approximately \$600 (for fuel pumped on Mondays after a Friday fueling) was used by this officer during the period January through June 2007. In addition, fuel valued at

approximately \$300 was pumped by this same employee while he was off duty for compensatory leave during this same time period. Given that this officer was not on duty during these times, it appears questionable whether the fuel pumped was solely used for county business. A similar concern was noted with one other officer.

The County Commission installed security cameras at the county's fueling station and started more thoroughly reviewing fuel usage logs of county employees in August 2007. Fuel usage decreased after these controls were implemented. Fuel usage logs should continue to be reviewed by the Sheriff and County Commission to verify the propriety of fuel used.

- 2) The same officer noted above currently uses his county patrol vehicle to take his children to and pick them up from school on a daily basis. The school district is not located within Cedar County and is 18 miles away (one way) from the Cedar County Courthouse. In addition, the amount of personal mileage was not maintained for this deputy's vehicle or included on the deputy's W-2 form as a fringe benefit.

Given the high cost of fuel and additional liability incurred with children being in a county owned vehicle, the Sheriff and the County Commission should review the costs of allowing the use of county owned vehicles for other than county business and discontinue allowing children to be transported in county owned vehicles. In addition, the Internal Revenue Service (IRS) reporting guidelines indicate personal mileage is a reportable fringe benefit. Because procedures have not been established to ensure the IRS regulations are followed, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

- 3) Vehicle mileage and fuel usage logs maintained by the Sheriff's office and road and bridge department are not periodically reconciled to fuel purchases. The fuel usage logs should be periodically reconciled to fuel purchases to prevent paying vendors for improper billing amounts and decrease the risk of theft or misuse of fuel.

- B. The county has not established an official domicile for the Crime Victim Advocate, and mileage claimed by the advocate appeared excessive. The advocate maintains offices in Stockton and El Dorado Springs and often claimed mileage from her home to both offices, in addition to mileage between the two offices and within the city limits of both cities. Mileage logs prepared by the advocate were sometimes not legible and did not include the beginning and ending odometer reading as required by the county's personnel policy. The advocate was paid \$1,941 for mileage during the year ended December 31, 2007.

The county should establish an official domicile that best serves the interest of the county and not for the convenience or benefit of the employee. Any miles

incurred from the employee's residence to the official domicile should not be reimbursed, and policies and procedures should be established to define the mileage to be compensated. Mileage reimbursement claim forms should be prepared in a legible manner and personnel policies followed.

C. The county provides a cellular phone to the Sheriff, three other law enforcement officers, the Crime Victim Advocate, the Road and Bridge Supervisor, the Emergency Management Director, the Coroner and Assistant Coroner, and the Circuit Judge. The county expended approximately \$4,600 during the year ended December 31, 2007, for the use of cellular phones. Our review noted the following concerns:

- 1) While the county has established a formal written policy regarding cellular phone use, the policy does not address procedures for the review and approval needed to acquire a cellular phone or for the employees' reimbursement of personal calls. Currently, officials are allowed to contact cellular phone companies to set up their own accounts and obtain cell phones without any review or approval from the County Commission. These cellular contract relationships do not allow the County Commission access to information needed to properly review and pay county cellular phone bills. For example, the Sheriff established phone plans for his office and detailed bills documenting all calls made are provided for some employees, but not the Sheriff. The cellular phone company refused to provide the county documentation of the Sheriff's phone bills because the county is not the contracted user. The Sheriff also did not provide detailed billings to the county for his cell phone use.
- 2) In August 2007, the County Clerk brought concerns regarding personal use of county cellular phones to the attention of the County Commission. The County Commission then required personal use to be reimbursed to the county; however, this personal use is not reimbursed to the county in a consistent manner. For example, the Sheriff reimburses the county monthly for the cost of the basic cellular phone package, while other Sheriff's office employees reimburse for personal calls documented by the employee.
- 3) Cellular phone plans utilized by the Sheriff's office do not provide for text messaging, and as a result, additional charges are incurred when text messaging is used.
- 4) The county paid for cellular service for a phone assigned to the Sheriff's office from May until December 2007, totaling \$181, when it was not in use due to the termination of an employee.

While cellular phones can help increase employee productivity, they are also costly. A more detailed policy should be developed regarding cellular phones

establishing a monitoring system for the assignment, usage, and acquisition of cellular phones to ensure cellular phones are acquired only by allowable personnel and properly used for business purposes. The policy should also address the reimbursement of personal calls to ensure reimbursements are handled in a consistent manner. In addition, the county should review its current and historical levels of cellular phone use and determine if there is a need for text messaging, and if so, include it in the cellular phone plans. Implementing such procedures should result in cost savings to the county.

A condition similar to C was noted in our prior report.

WE RECOMMEND the County Commission:

- A. And Sheriff continue to adequately review fuel usage logs for propriety and compare them to fuel purchases periodically. In addition, the County Commission should comply with IRS guidelines for reporting personal commuting mileage, and discontinue the practice of allowing children to be transported in county owned vehicles.
- B. Establish an official domicile for the Crime Victim Advocate, and policies and procedures to define mileage to be compensated. In addition, the County Commission should ensure mileage reimbursement requests are legible and are prepared in accordance with the county's personnel policy.
- C. Develop a more detailed formal written policy regarding the use of cellular phones and establish a monitoring system for the assignment, usage, and acquisition of cellular phones.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We requested the Sheriff to add odometer readings to the fuel usage logs, which has been implemented. Starting in 2007, fuel providers were required to have meter pumps on their trucks which electronically stamp invoices proving the number of gallons disbursed into county tanks. Delivery tickets are cross referenced with invoices to insure proper billing. We will continue to review fuel usage logs for propriety. On numerous occasions we have expressed concerns with personal commuting mileage and the transporting of children and unauthorized adults in county owned vehicles to the Sheriff. The County Commission will re-address these concerns.*
- B. *We plan on establishing an official domicile for the crime victim advocate, along with policies and procedures that define mileage to be compensated.*

- C. *In 2004, we adopted a formal written policy regarding the use of cellular phones. This policy clearly states that all phones including cellular phones are to be used only for county business.*

The Sheriff provided the following responses:

- A. *I investigated the fuel issue and did not find anything that raised any concerns. I will immediately address the issue with the officer regarding allowing his children to ride in his county owned patrol vehicle.*
- C. *The cell phone issue has been addressed.*

The Prosecuting Attorney provided the following response:

- B. *Mileage claimed from the advocate's home to her office is for call-outs. These are after hours when she has been contacted by law enforcement for crisis situations. The mileage claimed between offices and within city limits would be for victim transportation or again for crisis situations. For the future, I have instructed the victim's advocate to give a more detailed documentation of call-outs including times and purpose for mileage claims.*

7. Budgets and Annual Maintenance Plans
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Budgets were not prepared for several county funds, and actual disbursements exceeded budgeted amounts for some funds. An annual maintenance plan has not been prepared to document expected work on the county's roads and bridges.

- A. Formal budgets were not prepared for several funds as follows:

Fund	Years Ended December 31,
Task Force Fund	2007 and 2006
Drug Abuse Resistance Education (DARE) Fund	2007 and 2006
Crime Victims Assistance Fund	2007 and 2006
County Law Restitution Fund	2007
Community Development Block Grant Clinic Fund	2006
Senior Center Fund	2006

The Task Force Fund and DARE Fund were held by the Sheriff outside the county treasury. In addition, the County Law Restitution Fund and Senior Center Fund were new in 2007 and 2006, respectively. Because the Sheriff did not provide the required budget for the Task Force Fund, DARE Fund, and the County Law Restitution Fund, the County Commission's ability to monitor the overall county financial resources and make effective budgetary decisions was hindered. While these funds were not under the direct control of the County Commission, budgets for these funds are needed to comply with state law.

Chapter 50, RSMo, requires counties to prepare annual budgets for all funds and prohibits the expenditure of public funds without an approved budget that has been filed with the State Auditor's office. This chapter also requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.

B. Actual disbursements exceeded budgeted amounts for several funds as follows:

Fund	Year Ended December 31,	
	2007	2006
Law Enforcement Training Fund	\$ 413	134
Crime Victims Advocate Fund	513	1,214
Election Services Fund	513	506
Passport Fees Fund	N/A	262
Senior Citizen Services Fund	27,787	N/A

For all funds listed above, except for the Passport Fees Fund which is held by the Circuit Clerk outside the county treasury, monthly reports comparing budgeted and actual receipts and disbursements are available. While budget to actual data is provided to the various county officials, the county's procedures and reports are not resulting in effective monitoring of various budgets.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

C. An annual maintenance plan has not been prepared to document expected work on the county's roads and bridges. More than \$1 million in receipts and disbursements are processed through the county's Special Road and Bridge Fund during a typical year. However, the budget document presents proposed activities in general categories which contain significant dollar amounts and do not provide details regarding specific projects or plans. The county prioritizes bridge construction and road maintenance based on safety concerns and need. Specific projects are not documented in a plan, the commission minutes, or the budget message and made available to the public.

A maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads and bridges to be worked on, the

type of work to be performed, cost estimates, the dates such work could begin, and other relevant information. The plan should be referred to in the budget message and approved by the County Commission. In addition, the County Commission should consider holding a public hearing to obtain input from residents. Such a plan would serve as a useful management tool, encourage greater input into the overall budgeting process, and provide a means to continually and more effectively monitor and evaluate the repair and maintenance projects throughout the year.

Similar conditions were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Ensure budgets are prepared for all county funds.
- B. And other county officials review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts. In addition, procedures should be implemented to ensure budgets are properly amended, the amendments are made prior to incurring the actual disbursements, and valid reasons which necessitate excess disbursements are documented.
- C. Establish a formal annual maintenance plan for county roads and bridges.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will continue to request that the Sheriff provide budgets for the following funds: Task Force Fund, DARE Fund, County Law Restitution Fund. The Community Development Block Grant Clinic Fund and Senior Center Fund have been completely expended with finished projects and were overseen by a grant administrator.*
- B. *We will continue to closely monitor all budgets.*
- C. *While we had an informal maintenance plan, maintaining roads and bridges basically on a rotational and most urgent need basis, we plan on approving a written plan.*

8.

Commission Minutes

Minutes are not prepared for the closed sessions of meetings and minutes are not signed by the County Clerk and County Commission.

- A. The County Clerk does not prepare minutes for the closed sessions of meetings of the County Commission. The County Commission held six closed sessions during the year ended December 31, 2007, and while the regular minutes did

appear to disclose the reason for entering into closed session, minutes were not maintained for the closed portion of the meeting. In addition, it is not evident that the final disposition of matters discussed in closed meetings is made public.

The Sunshine Law, Chapter 610, RSMo, states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open meeting and requires minutes to be kept for all closed meetings. In addition, the Sunshine Law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions.

- B. While commission minutes are prepared by the County Clerk and indicate that prior meeting minutes were read and approved by the County Commission at each meeting, neither the County Clerk nor the County Commission sign the minutes. The commission minutes should be signed by the County Clerk as preparer and by a member of the County Commission to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the commission meetings.

WE RECOMMEND the County Commission:

- A. Ensure minutes are prepared and retained for all closed meetings.
- B. Ensure minutes are signed by the County Clerk and the County Commission.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The time and reason for entering into closed session has been documented. No decisions or motions were made or voted on in closed session, only discussion.*
- B. *County Commission minutes are currently being signed.*

9.

County Property Procedures and Records

The County Clerk's procedures to account for county property are not sufficient and county property records are not complete. County property records did not include county property and buildings valued at over \$1.9 million and thirteen patrol cars valued at over \$203,000. Also, while the property records included a listing of all road and bridge department equipment, the value of equipment was not included. The county's insurance policy valued this equipment at approximately \$1.2 million. In addition, the County Clerk has no procedures in place to identify property purchases and disposals

throughout the year. For example, the Coroner purchased a computer for \$1,369 during the year ended December 31, 2006, which had not been added to the property records. While each of the various county departments submitted annual physical inventory reports, these reports were not reviewed for accuracy or used to monitor property additions.

Adequate property records and monitoring procedures by the County Clerk are necessary to ensure compliance with Section 49.093, RSMo, and provide adequate internal controls over county property. The comparison of periodic inventories to overall county property records could potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets.

While some improvements to the county's property records have been made by the County Clerk, similar conditions were noted in our prior report.

WE RECOMMEND the County Clerk review physical inventory reports received from each of the county departments for accuracy and utilize them to monitor property additions and dispositions. The County Clerk should ensure all property and related information is included on the asset listing and establish procedures to ensure additions and deletions are identified during the year.

AUDITEE'S RESPONSE

The County Clerk indicated each elected official is provided forms to identify additions and disposal of property. A "purchase price" column has been added. The County Clerk's office cross references the "inventory list" with the "insured list" to help assure all assets are properly accounted for and insured. Paid invoices are also being used as a cross reference of newly purchased assets. It is requested that any property that is deemed obsolete or disposed of is documented. Buildings and property have been inspected quarterly by the County Clerk, and the inspections are reviewed by the County Commission and documented in the commission minutes. Buildings and properties have been added to the inventory list.

10.

Property Tax Computer System

While the county has established formal procedures to approve changes to the property tax system after the Board of Equalization (BOE) has met and approved the property tax data, some changes are made to the system by the County Assessor and are not handled through this formal process. Most additions and abatements made to the property tax system after the BOE meets are approved by the County Commission and filed with the County Clerk through the use of court orders; however, the County Assessor made some changes to the property tax system that were not supported by court orders. As a result, there is an increased risk that unsupported or unauthorized changes can be made to the assessment data and that disputes or questions regarding the propriety of property valuations might arise.

WE RECOMMEND the County Commission and Assessor ensure all changes made to the property tax system are supported by court orders approved by the County Commission.

AUDITEE'S RESPONSE

The County Commission indicated it will request that all changes made to the property tax system are supported by court orders.

The Assessor indicated these personal property changes must have been overlooked.

11. County Collector Controls and Procedures

The County Collector's annual settlements were incorrect, and the County Collector did not distribute protested taxes in a timely manner. The County Collector did not correctly calculate and distribute surtax, and Proposition C ratios were not used to calculate various withholdings and commissions.

- A. The County Collector's annual settlements for the two years ended February 28, 2008 were incorrect, and the County Clerk and County Commission did not adequately review the annual settlements. The annual settlements did not include collections of \$41,043 and \$47,028 for the years ended February 28, 2008 and 2007, respectively. Also, annual settlements were not prepared consistently from year to year.

In addition, the County Collector failed to include distributions of interest earned on investments totaling \$12,412 and assessment withholdings of \$30,000 collected by her office on the annual settlement for the year ended February 28, 2008. She also included collector fees and protested tax interest twice in distributions on the annual settlement for the same year.

For the year ended February 28, 2007, the County Collector failed to include distributions of assessment withholdings of \$18,956, collector commissions of \$53,512, and city distributions of \$432 collected by her office on her annual settlement and included late fees and merchant licenses twice. The County Collector also failed to include \$22,017 of delinquent tax charges (2003 and 2002 tax years) and \$593 of bankruptcy tax charges and collections.

Section 139.600.3, RSMo, states, "...the collector shall...settle her accounts of all monies received by her on account of taxes and other sources of revenue..." By not accurately reporting all sources of revenues and distributions, the County Collector's annual settlement is incomplete and the County Commission cannot properly examine or approve it.

- B. The County Collector did not distribute protested taxes to political subdivisions in a timely manner. The County Collector did not distribute \$49,558 of protested taxes until October 1, 2007, related to a case which was ordered to be disbursed by the State Tax Commission on February 17, 2006.

The County Collector did not distribute additional protested taxes totaling \$4,812 received on November 3, 2004, until October 1, 2007. A letter of protest was received from the taxpayer by the County Collector on December 20, 2004. However, the taxpayer did not file a petition for the recovery of the amount protested in the Cedar County Circuit Court within 90 days as is required by Section 139.031, RSMo, and as a result, these taxes should have been distributed 90 days from the date of protest or in March 2005.

In addition to being required by state law, timely distributions of property tax collections to the political subdivisions are important because most political subdivisions rely heavily on property tax revenues to fund their operations.

- C. The County Collector made errors in calculating surtaxes distributed to the various political subdivisions in Cedar County during the year ended February 28, 2008. The County Collector distributed the taxes based on an incorrect formula. The following table indicates the total amounts over or (under) paid to the various political subdivisions for 2007 tax collections:

Political Subdivision	Over (Under) Paid
Stockton R-I	\$ 121
El Dorado Springs R-II	2,894
State of Missouri	(196)
City of El Dorado Springs	2,700
Village of Jericho Springs	(149)
Bear Creek Special Road District	(20)
Caplinger Special Road District	(3)
El Dorado Springs Special Road District	807
Jericho Springs Special Road District	(8)
Koncord Special Road District	(246)
Madison Special Road District	(165)
Masters Special Road District	(6)
Rowland Special Road District	(10)
Cedar County (General Revenue Fund)	(795)
Special Road and Bridge Fund	(2,781)
Cedar County Hospital	(1,192)
Cedar County Library	(795)
Cedar County Ambulance District	(130)
Assessment Fund	(12)
Collector's Commission (General Revenue Fund)	(14)

In addition, the County Collector indicated she used the same formulas in her calculations in prior years. A review of surtax distributions should be performed for past years and any corrections should be made.

- D. The County Collector did not use Proposition C ratios to calculate various withholdings and commissions on current and delinquent taxes collected and distributed during the year ended February 28, 2008. As a result, the county's Assessment Fund, General Revenue Fund, Tax Maintenance Fund, and County Employees Retirement Fund received less than allowed. These errors apply to the El Dorado Springs R-II and Dadeville School Districts, currently the only school districts in the county whose taxes are affected by Proposition C. Section 50.338, RSMo, requires adjustments of commissions and assessment fees withheld from school property taxes due to a statewide education sales tax known as Proposition C. For the purpose of computing Proposition C withholdings, the County Collector computes ratios of unadjusted and adjusted school tax levies.

The County Collector should review all incorrect Proposition C calculations, recalculate the proper amounts of withholdings, and make applicable adjustments to the applicable school districts and county funds.

WE RECOMMEND the County Collector:

- A. File complete and accurate annual settlements. In addition, the County Clerk and County Commission should review the annual settlement for accuracy and completeness.
- B. Ensure that protested taxes are disbursed in a timely manner.
- C. Review surtax distribution calculations for past years and correct errors. In addition, the County Collector should ensure future surtax distribution calculations are accurate.
- D. Recalculate Proposition C commissions and assessment withholdings and make corrections for amounts improperly distributed to the schools and the various county funds. Procedures should be adopted to ensure future Proposition C withholdings are computed properly.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *I have implemented new reports to compile the annual settlements to ensure the annual settlements are accurate and will review the annual settlements with the County Clerk and County Commission before submitting the reports to the state. The annual reports mentioned above have been amended and submitted to the County Clerk and state.*

- B. *I will call the State Tax Commission every year in January to determine the status of all protested taxes.*
- C. *I have made surtax corrections after the error was discovered and have implemented changes to the distribution to the surtax.*
- D. *I have made corrections for Proposition C errors for prior years and implemented new procedures to check all Proposition C calculations in the computerized system. All formulas are being checked monthly for errors.*

12.

Sheriff Controls and Procedures

The DARE Bank Account was held outside the county treasury, receipt slips or other records of donations received were not maintained, adequate supporting documentation was not obtained for some expenses paid in cash, and the purchase and subsequent sale of an ATV gives the appearance of a conflict of interest. Bank reconciliations were not performed on the Sheriff's fee account in a timely manner, and the Sheriff issued checks when sufficient funds were not available resulting in bank charges totaling \$85. Monthly listings of open items (liabilities) were not prepared, and consequently liabilities were not reconciled with cash balances. The petty cash fund is not maintained at a set amount, and the petty cash ledger does not include change returned by the deputies. The Sheriff does not maintain records to document the number and average cost of meals served to inmates. In addition, controls and procedures over seized property need improvement.

- A. A former Sheriff's deputy maintained a DARE Bank Account outside the County Treasury for the deposit of donations and to make disbursements for the DARE Program. This account was opened in 1995 and closed in September 2007, when the deputy resigned and turned the balance of the account totaling \$1,148 into the County Commission. The County Treasurer also maintains a DARE Fund for the Sheriff's office. The DARE Bank Account held by the former deputy reported receipts and disbursements totaling \$4,840 and \$4,869 during the 2 years ended December 31, 2007, respectively. The following concerns were identified related to the DARE Bank Account:
 - 1) There is no statutory authority that allows the Sheriff or his deputies to hold this account outside the county treasury. Attorney General's Opinion No. 45-92 to Henderson states sheriffs are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury. In addition, the Sheriff should establish procedures to ensure all bank accounts involving his office are identified and properly authorized.
 - 2) Receipt slips or other records of donations received were not maintained. A record of all donations received should be maintained to establish an adequate audit trail and reduce the possibility of loss or misuse of funds.

- 3) Adequate supporting documentation for some disbursements was not obtained. The former officer withdrew \$700 cash from the DARE Bank Account on June 3, 2006. The officer indicated \$500 was paid to a band to perform at a fund raising function; however, a handwritten note was the only documentation maintained. The officer indicated the remaining \$200 was deposited back into the DARE Bank Account; however, due to the lack of records related to monies received, we were unable to properly account for these monies. All disbursements should be supported by a vendor invoice to ensure the obligation was actually incurred and the disbursement represents an appropriate use of public funds.
 - 4) The former officer sold an ATV to his brother without offering it for sale to the public, which gives the appearance of a conflict of interest. In September 1999, the officer used the DARE Fund to purchase an ATV for \$350 and subsequently sold it to his brother in November 2000 for \$400 after \$19 of repair costs were incurred. To avoid the appearance of a conflict of interest, county property should be sold publicly. In addition, given the ATV was used for such a short time, the need for an ATV for the DARE Program appears questionable.
- B. Bank reconciliations are not prepared for the Sheriff's fee account in a timely manner. The reconciliations for November and December 2007, were not performed until we requested them in May 2008. In addition, bank statements for January through March 2008 were still unopened in May 2008. Also, by not effectively monitoring the balance of his account, the Sheriff issued checks when sufficient funds were not available and was assessed bank charges totaling \$85 during the two years ended December 31, 2007. Further, several differences between the Sheriff's accounting records and the bank statements were identified.
- Timely preparation of monthly bank reconciliations is necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors.
- C. Monthly listings of open items (liabilities) were not prepared, and consequently, liabilities were not reconciled with cash balances. At our request, listings of monthly open items were prepared for December 31, 2007 and June 30, 2008, and were reconciled to the respective cash balances. To ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities, monthly listings of open items should be prepared and reconciled to cash balances.
- D. The Sheriff maintains a \$500 petty cash fund which is used for office supplies and for travel advances to deputies when transporting prisoners. The petty cash fund is not maintained on an imprest basis, and the petty cash ledger maintained by the Sheriff does not document change returned by the deputies. During the 2 years

ended December 31, 2007, the Sheriff obtained checks totaling \$2,289 from the county which were cashed and placed in the petty cash fund.

Good internal controls require the petty cash fund be set at an established amount and reimbursed when it has been expended. An imprest basis petty cash fund would improve accountability over petty cash monies. A complete ledger should be maintained and reconciled to records of change returned and purchase invoices submitted.

- E. The Sheriff did not maintain records to document the number and average cost of meals served to inmates. During the year ended December 31, 2007, the county expended \$20,788 on food costs for the jail. To properly account for all meals and the average cost of meals served, these records should be maintained.
- F. A complete and accurate listing of seized property is not maintained and periodic inventories of property on hand are not conducted. While a manual listing of seized property is maintained, it is not complete or accurate. For example, the listing of seized property indicated a gun should be on hand; however, neither the Chief Deputy nor the Sheriff could locate it. The Sheriff indicated he thought the gun may have been disposed of prior to his taking office. In addition, the listing included a 1978 Ford car that was seized in 1991 and no disposition was recorded; however, it was not on hand.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure the seized property is accounted for properly.

A condition similar to D was noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Turn all future DARE receipts over to the County Treasurer and discontinue opening unauthorized bank accounts. In addition, the Sheriff should ensure receipt slips or other records of donations received are maintained, adequate supporting documentation of disbursements is obtained, and transactions that give the appearance of a conflict of interest are avoided.
- B. Ensure bank reconciliations are performed in a timely manner, and any differences between the accounting records and reconciliations are investigated and resolved.

- C. Prepare monthly listings of open items and reconcile to the bank balance.
- D. Maintain the petty cash fund on an imprest basis and maintain complete ledgers to account for all petty cash receipts and disbursements.
- E. Periodically calculate prisoner meal cost.
- F. Maintain a complete inventory record of all seized property including information such as description, persons involved, current location, case number and disposition of such property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

A. I was originally unaware of the DARE bank account; however, once I became aware of it, I directed the officer to close out the account. I believe the officer opened a second account which is the account in question. All funds have been turned over to the Treasurer.

B&C. These issues have been addressed.

D. I will implement this recommendation.

E&F. My office will work on these issues.

13.	Prosecuting Attorney Controls and Procedures
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Procedures for the timely processing and subsequent disposition of bad check complaints have not been established, and court ordered restitution was not always disbursed to the victim in a timely manner. The Prosecuting Attorney and Circuit Clerk have not established procedures to track amounts due and paid on cases where joint and several liability of restitution is assessed to multiple defendants by the court. Other controls and procedures regarding segregation of duties, issuing receipt slips for monies received, and depositing receipts in a timely manner have not been established. A ledger or checkbook register was not maintained for the restitution bank account, and the Prosecuting Attorney has not established procedures to routinely follow up on old outstanding checks. In addition, no attempt has been made by the Prosecuting Attorney to identify or properly dispose of monies held in two old bank accounts. Although many of these problems were noted in our previous two audits and the Prosecuting Attorney indicated he would implement the recommendations, little progress has been made. As a result, there is less assurance that all monies have been accounted for properly.

The Prosecuting Attorney's Office collected court-ordered restitution and bad check related restitution and fees totaling approximately \$60,000 and \$78,000 during the years ended December 31, 2007 and 2006, respectively. The Prosecuting Attorney maintains an account for the deposit and disbursement of court-ordered restitution. Bad check restitution is remitted directly to the merchants and bad check fees are deposited into the Prosecuting Attorney's Bad Check Fund held by the County Treasurer.

- A. Procedures have not been established to ensure charges are filed with the court for unresolved bad check complaints on a timely basis. For example, the Prosecuting Attorney received six bad check complaints from a local merchant on June 28, and sent out ten-day letters on July 9, 2007. Charges were never filed with the Circuit Court for these six checks, and subsequently, the Prosecuting Attorney lost the authority to collect these six bad checks because the statute of limitations for prosecution had expired. Numerous other instances were noted where charges were filed with the court just prior to the expiration of the statute of limitations. By filing charges with the court in an untimely manner, the Prosecuting Attorney may limit his ability to collect bad checks for merchants. Section 556.036, RSMo, indicates that the statute of limitations expires on misdemeanor offenses (bad checks written) after one year.
- B. Court ordered restitution was not always disbursed to victims in a timely manner. For example, court-ordered restitution payments received in August 2004 totaling \$6,259 were not disbursed to the victims until November 2004. Numerous other instances were noted where restitution payments were held up to three months before being disbursed to the victims. Procedures should be established to ensure court-ordered restitution is disbursed to the victims in a timely manner and to reduce unnecessary recordkeeping.
- C. The Prosecuting Attorney and Circuit Clerk have not established procedures to adequately track amounts due and paid on cases where joint and several liability of restitution is assessed to multiple defendants by the court. As a result, the Prosecuting Attorney has overpaid victims.

Joint and several liability is used in cases where two or more people are found liable for damages. The victim in the case may collect the entire judgment from any one of the parties, or from any and all of the parties in various amounts until the judgment is paid in full. (If any of the defendants do not have enough monies or assets to pay an equal share of the award, the other defendants must make up the difference.)

The Circuit Clerk collects all restitution from defendants and disburses these collections to the Prosecuting Attorney. The Prosecuting Attorney then distributes the restitution to the victims. While the Circuit Clerk tracked amounts due and paid by each defendant individually for court costs and restitution, she did not track restitution received by the defendants jointly. In addition, the Prosecuting Attorney did not track the amounts due and paid to the victims. In

one instance, the judge ordered restitution of \$1,000 to be paid jointly and severally by three defendants to a victim. Restitution received from the three defendants was not tracked jointly by the Circuit Clerk and payments made to the victim were not tracked by the Prosecuting Attorney, and as a result, the victim was overpaid \$810.

Procedures should be established by the Prosecuting Attorney and Circuit Clerk to track joint and several liabilities assessed by the court. In addition, the Prosecuting Attorney should request the victim to refund the amounts overpaid. The recovered overpayments should be applied to other court costs due or refunded to the defendants.

- D. The duties of receiving, recording, depositing, and disbursing monies, and reconciling the bank accounts are not adequately segregated. The Prosecuting Attorney's secretary performs all of these duties. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Prosecuting Attorney.
- E. Prenumbered receipt slips are not issued for all monies received. Receipt slips are only issued upon request. In addition, receipts are not recorded in the electronic accounting system in a timely manner. For example, two money orders received on April 17, 2008, totaling \$97 were not recorded in the accounting system until April 22, 2008. Without issuing and accounting for prenumbered receipt slips for all monies collected and recording all receipts into the accounting records in a timely manner, the office cannot ensure all monies collected are ultimately accounted for and deposited.
- F. Monies received are not always deposited in a timely manner. Deposits are normally made only once or twice per month and average approximately \$1,100. To adequately account for collections and reduce the risk of loss or misuse of funds, deposits should be made on a timely basis.
- G. We noted the following concerns regarding the Prosecuting Attorney's bank account used to process restitution payments:
- A ledger or checkbook register is not maintained. Without maintaining records of cash balances, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.
 - The Prosecuting Attorney has not established procedures to routinely follow up on old outstanding checks. As of December 31, 2007, 15 checks totaling \$792 were over one year old. Procedures should be established to routinely

investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payee cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

H. The Prosecuting Attorney maintains two old bank accounts, and the following concerns were noted:

- One of the bank accounts was used by the former bookkeeper, has had no activity since 2005, and had a balance of \$7,137 as of December 31, 2007. Of this amount, \$5,095 was unidentified and the remaining balance of \$2,042 is outstanding checks that date back to 2001 through 2005.
- The other bank account has had no activity since 1997, was used by the former Prosecuting Attorney, and had a balance of \$1,347 as of December 31, 2007. None of these monies have been identified.
- Bank reconciliations were not performed for either of these bank accounts, and as a result of the lack of monitoring, \$75 in "no activity" fees were charged to one of these bank accounts from September 2006 to December 2007, without the knowledge of the Prosecuting Attorney.

No attempt has been made by the Prosecuting Attorney to identify or properly dispose of the monies in these accounts. The Prosecuting Attorney should attempt to identify the monies held in these accounts and obtain written authorization from the court to dispose of all unidentified monies and close the accounts.

WE RECOMMEND the Prosecuting Attorney:

- A. Establish procedures to adequately follow-up on ten-day letters for bad checks received by filing charges with the court in a timely manner.
- B. Establish procedures to ensure court ordered restitution is disbursed to victims in a timely manner.
- C. And Circuit Clerk establish procedures to track joint and several liabilities assessed to multiple defendants. In addition, the Prosecuting Attorney should contact the victim to obtain reimbursement of the overpayment made.
- D. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney or an independent person should perform documented reviews of the accounting records.
- E. Require prenumbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips be accounted for properly. In addition,

ensure all receipts are recorded in the electronic accounting system in a timely manner.

- F. Deposit all monies on a timely basis.
- G. Maintain a checkbook register or ledger for the restitution account and attempt to contact the payees of old outstanding checks. If the payees cannot be located, the unclaimed monies should be distributed in accordance with applicable statutory provisions.
- H. Attempt to identify the monies held in these bank accounts, and obtain written authorization from the court to dispose of all unidentified amounts and close the accounts.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *Due to our experience with the Postal Service, we have determined that a twenty day window is more appropriate as there have been many instances that the mail has not been delivered within the ten day time frame. Our policy will be to file within 20 days if not paid.*
- B. *We have additional office help and a software program where we are able to disburse all monies received in a timely manner.*
- C. *We plan to advise the Circuit Clerk that on joint and several restitution orders, she will need to hold the monies paid to be redistributed by that office to the co-defendants as overpayments are made. An alternative would be to make direct payments to the victims from the Circuit Clerk's office.*
- D. *We are addressing the matter with regard to segregating duties between staff by depositing of monies, reconciliation of accounts and the ledger, and as the Prosecuting Attorney's signature is required on all monies distributed.*
- E. *All cash receipts are deposited on the date of receipt. There may be some delay on recording money orders into the accounting program as we have designated part-time help handling that data entry.*
- F. *All cash receipts are deposited on the day of receipt. Money orders payable to the Prosecuting Attorney Bad Check Fund will be deposited within a week.*
- G. *The first item of concern has been addressed as we have a checkbook register beginning January 1, 2008. The second item will be that we are implementing a policy of transfer of outstanding check funds to the State Treasurer's office on a not less than annual basis.*

H. *As of now, our office has gone through all of the two old accounts. We have identified the distributees of these accounts except for \$308.41 in one account and \$1,875.79 in the other. It appears that the balance remaining is for bad check fees, as bad check fees were the last to be paid out of those accounts. However, we have no record of that as bad check fees were not identified going into the accounts and therefore, those balances will be transferred to the State's Unclaimed Funds.*

The Circuit Clerk provided the following response:

C. *I will continue to collect the restitution and turn it over to the Prosecuting Attorney at the end of each month as I have done in the past; however, due to staffing constraints and workload issues, my office cannot distribute the restitution. My office now has the capabilities of relating cases with joint and several restitution due, and procedures have been put in place to address this issue.*

14. Circuit Clerk Controls and Procedures
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Monitoring procedures related to accrued costs are not adequate, and the Circuit Clerk does not adequately track the disposition of each case. In addition, manual receipt slips issued are not reconciled with monies posted to the electronic accounting system, receipt slips are not issued for some monies upon receipt, and monies received are not always deposited intact or in a timely manner. Bank reconciliations are not always completed in a timely manner, and no procedures have been established to follow up on old outstanding checks.

The courts collected and disbursed civil and criminal fees, fines, and bonds totaling approximately \$500,000 annually for the years ended December 31, 2007 and 2006.

A. Monitoring procedures related to accrued costs are not adequate. The Circuit Clerk relies on the probation and parole officers to ensure that monies owed to the court are paid. In addition, the court has elected to use the state contracted collection agency to collect delinquent case costs. Upon our request, the Circuit Clerk ran a report of accrued costs totaling \$1,247,026 due to the Circuit Court as of May 2008. The following concerns were identified during our review of this listing:

- Accrued costs totaling \$229,467 assessed on 567 cases had not been turned over to the state contracted collection agency by the Circuit Clerk. The Circuit Clerk indicated these fees had not been turned over due to a misunderstanding with the Office of State Courts Administrator (OSCA) regarding which types of court costs due are allowed to be turned over to the collection agency. These fees primarily represent restitution and public defender fees.

- A defendant was released from probation/parole in March 2007, and had not paid the assessed court costs and restitution due totaling \$16,837 as of May 2008. The Circuit Clerk indicated this occurred due to lack of communication between the probation and parole officer and her office.

The Circuit Clerk should establish written procedures for collecting accrued costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue. In addition, the court should contact OSCA to gain a clear understanding of which court costs are allowed to be submitted to the state contracted collection agency and submit any allowable amounts. The Circuit Clerk should also establish a system of communicating with probation and parole officers to ensure remaining financial obligations are met before a defendant is released from probation/parole.

- B. The Circuit Clerk does not adequately track the disposition of each case. For example, in February 2006 the Associate Circuit Judge ordered a seized vehicle to be disposed of under the provisions of Article IX, Section 7, of the Missouri Constitution and Section 513.620, RSMo. These provisions provide for the property to be sold by the Sheriff and for the Circuit Clerk to transmit the net proceeds to the County Treasurer for the use of the County School Fund. The Sheriff sold the vehicle for \$3,600 and turned the proceeds over to the County Treasurer with his monthly fees in June 2006. The County Treasurer was not aware the Sheriff's monthly fees included the sale proceeds and deposited the monthly fees into the Law Enforcement Sales Tax Fund. In August 2008, the Circuit Clerk realized that this case had not been closed and the proceeds had not been turned over to the County School Fund. The Circuit Clerk also indicated that she believes several more cases were handled in this manner.

The Circuit Clerk should establish procedures to track the disposition of each case and property ordered to be disposed of to ensure funds are disbursed to the schools in compliance with state law.

- C. Manual receipt slips issued are not reconciled with monies posted to the electronic accounting system to ensure that all monies received were properly recorded and deposited. The court occasionally issues manual receipt slips if the electronic system is down or if it has been closed out for the day. To ensure receipts are properly accounted for, manual receipt slips should be reconciled to the electronic accounting system and subsequent deposit.
- D. Receipt slips are not issued for some monies immediately upon receipt. For example, receipt slips are not issued for garnishments until the end of each month and are only issued for copy monies upon request. To adequately account for collections and reduce the risk of loss or misuse of funds, receipt slips should be issued for all monies received immediately upon receipt.

- E. Monies received are not always deposited intact or in a timely manner. As noted above, garnishments received are held and not deposited until the end of each month, and some monies received for traffic tickets are held and not deposited until the traffic ticket is filed with the court. In addition, monies received for copy fees are held and used for petty cash disbursements, and as a result, the petty cash fund is not maintained on an imprest basis.

A cash count performed on April 16, 2008, showed garnishments totaling \$196 received between March 31 and April 9, 2008, were not deposited until April 19, 2007. The cash count also showed traffic ticket monies totaling \$80 received on April 1, and April 7, 2008, were not deposited until April 28 and April 22, 2008, respectively. Another traffic payment received in the amount of \$10 received on April 4, 2008, had not been deposited as of June 5, 2008.

To adequately account for collections and reduce the risk of loss or misuse of funds, deposits should be made intact on a timely basis. In addition, good internal controls require petty cash to be set at an established amount and to be reimbursed when it has been expended.

- F. Bank reconciliations are not consistently performed each month. For example, the December 31, 2007, reconciliation was not performed until April 11, 2008. In addition, the Circuit Clerk has not established procedures to routinely follow up on old outstanding checks. As of December 31, 2007, 21 checks totaling \$644 were over one year old.

Timely preparation of monthly bank reconciliations is necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors. Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo.

WE RECOMMEND the Circuit Clerk:

- A. Establish procedures to routinely follow-up and pursue timely collection of all costs owed to the court. The Circuit Clerk should turn over all allowable costs to the state contracted collection agency and establish an effective system of communicating financial obligations of defendants with probation and parole officers.
- B. Establish procedures to track the disposition of each case.
- C. Reconcile manual receipt slips issued to the electronic accounting system and subsequent deposit.

- D. Ensure receipt slips are issued for all monies immediately upon receipt.
- E. Deposit all monies intact and in a timely manner, and ensure the petty cash fund is maintained at a constant amount.
- F. Ensure bank reconciliations are performed in a timely manner and attempt to contact the payees of the old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *A complete list of accrued costs is maintained on the Justice Information System (JIS) and available at any time by running a report. A partial report is run often, and we have worked diligently to get these accounts where we can turn them over to the debt collection agency. This report can be run at any time and I had just reviewed these accounts with the County Commission earlier in the year.*

Once a criminal case is disposed of and a defendant is placed on supervised probation, there is a probation order prepared, signed by the judge and the defendant, setting out special conditions of probation (the defendant actually has until the end of their probation to pay off their debt), and in that order there is a specific payment plan set out for payment of costs, restitution, and any other cost that may be assessed against that defendant. The special condition sets out "regular monthly payments in a certain amount to be paid beginning a certain date and each month thereafter until paid in full". The Probation Officer then takes that order and discusses the special conditions with the defendant and the defendant is given a copy of the order. The court sets up a payment plan in JIS according to the probation order and a copy of the fee sheet with the payment due date on it is sent to the defendant. A docket/calendar is run daily and the payment reviews are tracked daily through those calendars. If a defendant falls delinquent, the judge is usually notified either by Probation and Parole and a warrant is issued or if they are unsupervised, the judge may order a summons issued for their appearance or a warrant for failure to appear and show cause why they were unable to make their payment on time. If the defendant does not appear and the account becomes 60 days delinquent, because it is set up on a payment plan, it will automatically roll over to the debt collection agency, and they have control of that account. Each month, if a payment is made to debt collection, I receive a report and apply that payment to their account.

My office has tracked our payments very closely for a number of years and has collected a lot of monies during that time. I believe I indicated to an auditor that the figure you see is not completely accurate due to the fact that if there is more than one defendant that has committed a crime together, the Judge may order restitution to be paid joint and severally, meaning that if one defendant does not pay their part the others would have to

pick up that portion also. So, you may see multiple amounts entered into that balance when there actually should be one figure.

The Circuit Clerk's office does not depend upon Probation and Parole to ensure payment of the court costs. Probation and Parole usually will check with my office to see if the defendant has paid their costs 60-90 days prior to the end of the probation period, but my office closely monitors collections. I have been in contact with the Probation and Parole supervisor to establish better communication between them and the courts.

A clarification for restitution and Public Defender liens has been addressed with the Office of State Courts Administrator and payment plans have been established. When we first went with the debt collection agency, they did not allow restitution and Public Defender liens to be assessed.

- B. With regard to tracking disposition of closed cases under Section 513.620, RSMo, when a civil judgment is rendered, it is the responsibility of the initiating party to pursue collection of a judgment, not the courts. The Prosecuting Attorney should have been pursuing the order of the court to turn over any proceeds that the Sheriff confiscated or that was collected from a sale of property. The sale of the vehicle by the Sheriff was not reported to my office and no proceeds were turned over to my office. If the Sheriff does not file a Proof of Publication or Report of Sale with the court, the court is not informed of any sale being had nor that the fees were turned over to the County Treasurer. I have notified the County Treasurer that these fees should be turned over to the court. I have also requested that if any CAFA funds are received by the County Treasurer, that my office be notified of such at the time they are received. A form has been established to be delivered to the Sheriff's Department upon judgment being rendered by the court for any proceeds from the sale of property, or monies confiscated at the time of the arrest to be turned over to the court to be disbursed pursuant to Article IX, Section 7, and Section 513.620, RSMo.*
- C. A procedure for manual receipts has been implemented by my office that reconciles the manual receipts with the JIS receipts on a daily basis to ensure receipts are properly accounted for.*
- D. A procedure has been implemented by my office on receipting copy money and it is to be receipted daily.*
- E. I have established a procedure for any funds received on criminal or traffic cases that monies are receipted into JIS under a shell case until proper documentation is filed by the Prosecuting Attorney. In the past, monies were not receipted, but held in the vault until the Prosecuting Attorney filed the case with the Court. I now have a procedure in place to prevent this from occurring.*

My office receipts monies for garnishments at the time payment is received daily. On one case, we receive a very small amount each week and one time we held those to make one

receipt and payout due to time constraints and staffing issues. This is not a normal practice. All receipts are taken and receipted within the same day.

- F. *With regard to bank reconciliations, I did get a little behind in 2007 due to the lack of staffing and having to cover another 40-hour position that was vacated in 2006. I worked 70-75 hours a week doing criminal and traffic court and also doing my own job which on a normal basis consists of approximately 60 hours a week regularly. I reviewed bank statements via internet on a very regular basis to ensure there was not any unusual activity in my accounts. However, the bank reconciliation referred to as not being done from December 2007 until April 2008 is incorrect. There was a \$68 discrepancy in my reconciliation that I carried forward in order to be able to keep my bank reconciliations done as quickly as humanly possible and in April 2008, I was able to resolve that discrepancy and that is when I went back to the December statement to make the correction. Any time that you go back to a bank reconciliation to make a correction, it changes the date of the reconciliation to that date. My January 31, 2008, bank reconciliation, shows it was done on March 30, 2008, February 2008 was done on May 2, 2008, March, April, and May 2008, were done on June 21, 2008, and June 2008 was done on July 15, 2008. I was under staffed from May 2006 until March 2008, and our office struggled to keep our heads above water during that time. I now have two new staff and am reaching a comfortable area where they are becoming more efficient and able to do more in the office to help take some of that load off me. I am able to schedule my time more to work on financial matters and keep more focused on what my duties entail. I have taken care of all these old outstanding checks.*

15.

Public Administrator Controls and Procedures

The Public Administrator has not established procedures to ensure adequate collateral securities are pledged by clients' depository banks. Fees assessed to the estates were not turned over to the county in a timely manner, and the Public Administrator erroneously paid court ordered fees twice from client estates on several occasions. Some annual settlements prepared by the Public Administrator's office were not complete or accurate. Checks were not always issued in numerical order, blank checks were sometimes signed in advance, several checks were post-dated, and in one instance the Public Administrator issued a check from a client's closed account. The Public Administrator did not adequately monitor the account balances of various clients, and as a result, incurred overdraft charges. In addition, the Public Administrator borrowed funds against a client's Certificate of Deposit (CD) to pay normal living expenses and subsequently lost the client's interest earnings. A duplicate purchase of a \$5,000 burial plan was made for one client.

- A. The Public Administrator has not established procedures to ensure adequate collateral securities are pledged by clients' depository banks. No collateral securities were pledged by depository banks to cover monies in excess of FDIC coverage.

Section 110.020, RSMo, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of a bank failure.

- B. Fees assessed to estates were not turned over to the county in a timely manner. For example, fees totaling \$602 (for all years) were ordered to be paid to the county for 2005, 2006, and 2007 for one estate, but were not paid by the Public Administrator until July 2008. In other examples, fees for two estates were ordered to be paid to the county for 2004, 2005, and 2006 totaling \$2,214 and \$2,098 (for all years), but were not paid until February and September 2007, respectively. Monies were available in each of these estates to pay these fees. The Associate Circuit Judge typically orders an administrative fee of five percent based on the income of the estate to be assessed and these fees are to be turned over to the county.

In addition, the Public Administrator erroneously paid court ordered fees twice from client estates on several occasions. The court ordered \$507 in fees to be paid to the county in 2007, and the Public Administrator paid these fees on May 10, 2007 and again on December 11, 2007. In another example, the court ordered \$80 and \$171 in fees to be paid to the county in 2006 and 2007, and the Public Administrator paid these fees on November 15, 2006, and November 4, 2007, and again on July 19 and August 4, 2008, respectively.

The Public Administrator and Associate Circuit Judge should review the annual settlements to ensure fees are paid to the county in a timely manner and fees are not paid erroneously.

- C. Some annual settlements prepared by the Public Administrator's office were not complete or accurate. Real estate valued at \$107,950 was not reported on one estate's annual settlement. A federal tax liability reported on a federal property seizure form totaling \$349,956 was not reported on another estate's annual settlement. In addition, check dates and numbers recorded on the annual settlements did not always match actual check dates and numbers issued. Further, the Associate Circuit Court has not established procedures to adequately monitor the activity of cases assigned to the Public Administrator.

To ensure the financial activity of the estates is accurately reported to the court, all assets, liabilities, receipts, and disbursements should be accurately reflected on the annual settlements. Failure to adequately review and monitor the activity of cases assigned to the Public Administrator by the Associate Circuit Court and Judge increases the risk that errors or misuse of funds could go undetected.

- D. Checks were not always issued in numerical order, blank checks were sometimes signed in advance, several checks were post-dated, and in one instance the Public Administrator issued a check from a client's closed account.

The Public Administrator indicated she issued checks out of numerical order from two estates because she misplaced the client's checkbooks during the periods of September 2006 through January 2007 and November 2006 through July 2007, respectively. Although her assistant is authorized to sign checks, blank checks were signed in advance by the Public Administrator while she was out of town. In addition, the Public Administrator indicated she often post-dates checks issued to her clients and other parties so they will not cash the checks prior to funds being available. Also, the Public Administrator issued a check to the County Treasurer for fees from a client's account which she had closed.

To properly account for all disbursements, checks should be issued in numerical sequence and recorded in order on the check registers and annual settlements. Signing checks in advance should be discontinued as this creates an opportunity for theft or misuse, and checks on hand for closed accounts should be voided so they cannot be used. Post dating checks decreases the established controls over disbursements and should be discontinued.

- E. The Public Administrator did not adequately monitor the account balances of various clients, and as a result, overdraft fees were incurred. While a ledger was maintained for each client's bank account, transactions were not always posted in a timely manner and a running check book balance was not maintained. The Public Administrator frequently did not post transactions or update the check book balance until a bank statement was received. Timely recording of all transactions and maintaining a running check book balance would aid in monitoring each client's account balance and eliminate the occurrence of bank service charges.
- F. The Public Administrator borrowed against one client's CD on multiple occasions to pay normal living expenses. These borrowings cost the client her interest earnings on the CD plus an additional two percent penalty. Also, the Public Administrator did not petition the court for approval of the loans until several months after they were made. The Public Administrator should establish procedures to ensure funds are available for the payment of normal living expenses of her clients. In addition, if unexpected or emergency costs are incurred and the Public Administrator needs to borrow against a client's CDs, the court should be petitioned for approval of the loan in a timely manner.
- G. The Public Administrator purchased a \$5,000 burial plan for a client that already owned a similar burial plan. The original burial plan was listed on the client's original inventory as an asset, and it is unclear why the Public Administrator bought the additional burial plan. The Public Administrator subsequently obtained a refund for the second burial plan purchased. The Public Administrator should review the activity of each client to ensure duplicate purchases of products and services are not made.

Although conditions similar to A and B were noted in our previous audit, these conditions have not improved.

WE RECOMMEND the Public Administrator and Associate Circuit Judge:

- A. Ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.
- B. Ensure fees are paid to the county in a timely manner and are not paid erroneously.
- C. Ensure annual settlements are prepared which accurately report all estate assets, liabilities, receipts, and disbursements. In addition, the Associate Circuit Judge should establish procedures to adequately monitor the activity of cases assigned to the Public Administrator.
- D. Account for the numerical sequence of checks issued and avoid misplacing checkbooks. In addition, the practice of signing blank checks in advance and post-dating checks should be discontinued. Blank checks from closed accounts should be properly voided and maintained.
- E. Ensure transactions are recorded in a timely manner and a running check book balance is maintained to aid in monitoring client balances and eliminating unnecessary bank charges.
- F. Establish procedures to ensure funds are available for the payment of normal living expenses of clients. In addition, if a loan against a CD is necessary, the Public Administrator should petition the court in a timely manner.
- G. Review the activity of each estate to ensure duplicate purchases of products and services are not made.

AUDITEE'S RESPONSE

The Public Administrator provided the following responses:

A, B,

F&G. I will monitor these issues more closely in the future.

C. It is my office's procedure not to show real estate on the annual settlement and I do not have plans to change this procedure. Real estate is only shown on the inventory list. I am aware of the tax liability, but am unsure of the exact amount of it. When I determine the proper amount, I will include it on the annual settlement.

D. I agree with this recommendation.

E. *I am doing what I think is right.*

The Associate Judge provided the following response:

The Public Administrator is an elected official and has no opponent in the upcoming November election. I require her to have an attorney in all estates. She uses an attorney in which I have confidence. I require her to be adequately bonded in case an estate actually loses money. The Probate Court has one clerk who is able to devote less than one half of her time to probate work. The Public Administrator activities are probably less than one half of the Probate Court work load. We do not have the resources to monitor the Public Administrator in the manner you seem to be suggesting. However, we will try to implement your recommendations as best as we can. We do our best to ensure the wards are not losing money and their funds are not being misappropriated. There is no indication in your report that the Public Administrator has misappropriated or lost funds. I agree that the Public Administrator's bookkeeping and reporting practices leave much to be desired. However, the clerk and I have no way of knowing about most of the findings reported, as we only see the annual reports. The \$300,000 estate has been closed, and the \$137,000 estate is moot because of the \$250,000 FDIC limit. However, we will add Section 110.020, RSMo, to our checklist in the future.

16. Senior Citizens Service Board
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The Senior Citizens Service Board did not have written contracts with the city of El Dorado Springs and the senior care center it provided funding to and did not adequately monitor the monies provided. Minutes were not signed by the Board President or another board member, board minutes did not always record the votes cast by each individual board member, and minutes were not retained for the February 2008 board meeting.

A. The Senior Citizens Service Board did not have written contracts with the city of El Dorado Springs and the senior care center it provided funding to and did not adequately monitor the monies provided. During the year ended December 31, 2007, the board made payments to these entities totaling approximately \$51,000.

Written contracts provide the framework necessary to detail the services to be provided and the amount of monies to be paid, and Section 432.070, RSMo, requires contracts to be in writing. In addition, to ensure the board funds are properly expended, financial reports documenting how funds are spent should be obtained from these entities and reviewed by the board.

B. Board minutes are prepared and signed by the board treasurer, but are not always signed by the board president or another board member. In addition, board minutes did not always record the votes cast by each individual board member. The minutes typically indicate motions were approved, but a record of how each member voted was not documented. Also, minutes were not retained for the February 2008 board meeting.

The board minutes should be signed by the board treasurer as preparer and by the board president or another board member to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings. Section 610.020, RSMo, states the minutes shall include the date, time, place, members present, members absent, and a record of votes taken. Minutes serve as the only official permanent record of decisions made by the board. Therefore, it is imperative that the minutes be prepared to clearly document all business and discussions conducted.

WE RECOMMEND the Senior Citizens Service Board:

- A. Enter into written contracts for all funding requests which clearly detail services to be performed and the compensation to be paid or benefits received, and require these entities to provide financial reports documenting how funds provided by the board are spent.
- B. Ensure minutes are signed by the board president or other board member, a record of votes taken is documented, and all minutes are retained.

AUDITEE'S RESPONSE

The Senior Citizen Service Board provided the following responses:

- A. *We will consider entering into written contracts. The entities gave an oral presentation about how funds were spent; however, written financial records were not provided.*
- B. *We will ensure minutes are signed by the board president, votes taken are recorded, and all minutes are retained.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

CEDAR COUNTY
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Cedar County on findings in the Management Advisory Report (MAR) of our prior audit report issued for the 2 years ended December 31, 2003.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Delinquent Property Tax Sale

The County Commission failed to review all applicable statutes related to the handling of delinquent property tax sales to ensure they were protecting all taxes due and to prevent any loss to other taxing authorities involved from possible inadequate bids. The County Collector also failed to adequately advertise the property for sale prior to selling the property to an Associate Commissioner.

Recommendation:

The County Commission and County Collector review all applicable statutes to ensure the county is protecting all taxes due and owing and prevent their loss to the taxing authorities involved from possible inadequate bids received during tax sales. In addition, the County Collector should ensure the properties offered for sale are adequately advertised.

Status:

Implemented.

2. County Officials' Compensation and Bonds

- A. Based upon Section 50.333.13, RSMo, enacted in 1997, the associate county commissioners were approved mid-term raises in 1999. The Supreme Court held that this section of the statute violated Article VII, Section 13, of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term in office.
- B. The Presiding Commissioner received a mid-term salary increase in January 2001 that was not authorized by the salary commission when they met in 1997 and 1999.
- C. The County Treasurer's salary was increased effective with the start of his new term of office on January 1, 2003, based upon House Bill 2137, which became effective August 28, 2002. There was no documentation supporting whether the salary commission met or that a legal opinion was obtained to approve this salary increase.
- D. The county did not have adequate bond coverage for several county officials.

Recommendation:

The County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of salary overpayments.
- B. Review the salary increase and develop a plan for obtaining repayment for the salary overpayment. In addition, ensure all salary commission minutes clearly document all decisions made.
- C. Consult with legal counsel and review the situation to ensure the actions were taken in accordance with state law.
- D. Require all elected officials to be bonded as required by statute.

Status:

- A. Not implemented. The County Commission indicated they do not plan to obtain reimbursement of the salary overpayments. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. Salary commission minutes currently clearly document all decisions made; however, the County Commission indicated they do not plan to obtain reimbursement of the salary overpayment. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. A legal opinion was not obtained. Although not repeated in the current MAR, our recommendation remains as stated above.
- D. Implemented.

3. County Financial Records, Procedures, and Budgetary Practices

- A. The County Clerk did not reconcile her accounting records monthly with the County Treasurer, and numerous adjustments were made to the County Clerk's expenditures for errors made in recording health insurance expenditures.
- B. The county's budgets were not accurate. Actual expenditures were over or understated for several funds and the budgets contained several misclassifications of receipts and disbursements.
- C.1. The County Commission and other county officials approved expenditures in excess of budgeted amounts for several funds.

2. Budget amendments were made after expenditures had already exceeded the original budgeted amounts.
- D. Formal budgets were not prepared for various county funds.
- E. An annual maintenance plan for the county roads was not prepared.

Recommendation:

The County Commission:

- A. Require the County Clerk to reconcile her accounting records with the County Treasurer monthly and document and fully investigate all reconciling items.
- B. Ensure the budget document contains accurate information about the county's finances and agrees to the County Treasurer's records. In addition, the County Commission should ensure all significant receipts and disbursements are properly classified on the budgets. The County Commission and County Clerk should also thoroughly review the budget document before it is finalized and filed with the State Auditor's office.
- C.1. Ensure expenditures are kept within the amounts budgeted. If additional funds are received which could not be estimated when the budget was adopted, the County Commission should amend the budget by following procedures established by state law.
 2. Implement procedures to ensure budgets are properly amended if necessary, budget amendments are properly made prior to incurring the actual expenditures, and valid reasons which necessitate excess disbursements are provided.
- D. Ensure budgets are prepared for all county funds as required by state law.
- E. Establish a formal annual maintenance plan for county roads.

Status:

A,B,
&C.2. Implemented.

C.1,D,
& E. Not implemented. See MAR finding number 7.

4. County Expenditures

- A. The county's quarry did not appear to be operating as originally estimated by the County Commission nor had the county paid off its initial investment.
- B. The county entered into a loan agreement in 2002 for one year to purchase recording equipment for the Sheriff's department and then renewed it for the next two years. The loan agreement did not contain any provisions for the county to cancel the agreement due to lack of appropriations or other reasons. Without this type of option, the county appeared to have entered into a long term debt arrangement.
- C. The county did not always solicit bids or bid documentation was not always retained for various purchases.
- D. The county had no procedures in place to ensure Forms 1099 were filed with the IRS when required.
- E. The County Commission paid cellular telephone usage billings without reviewing supporting detailed documentation of actual telephone calls made. In addition, some billings received did not provide the detail of actual calls made, but only total charges for the month.

Recommendation:

The County Commission:

- A. Continue tracking the costs of quarrying the gravel and update their cost/benefit analysis on a regular basis. In addition, they should reevaluate the quarry's savings and the potential cubic yards of gravel to be quarried to determine whether the land is still a good investment.
- B. Ensure the county's indebtedness is in compliance with state law, and in the future, the County Commission should adequately document its evaluation of any financing arrangements, funds available, and interest costs.
- C. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- D. Ensure IRS 1099-MISC forms are prepared and submitted as required.
- E. Require all billings have the detailed listing of all telephone calls made for the month, and thoroughly review the detailed records of calls prior to approving payment of invoices. In addition, the County Commission should develop a formal

written policy regarding the use of cellular phones, including a provision prohibiting their use for personal reasons.

Status:

A,C

&D. Not implemented. See MAR finding number 5.

B. Implemented.

E. Not implemented. See MAR finding number 6.

5. Property Tax System

A. The County Clerk did not maintain an account book with the County Collector.

B. The County Clerk did not prepare or verify the current or back tax books for accuracy.

C. The County Clerk did not reconcile total additions and abatements to the County Collector's annual settlements.

D. The County Clerk did not prepare and file the Land and Personal Tax Aggregate Abstract, the Railroad and Utility Aggregate Abstract, and the Back Tax Aggregate Abstract for the 2003 tax year until February 2004. In addition, the Back Tax Aggregate Abstract was not accurate because it did not include late assessment penalties.

E. Bank balances of protested bank accounts were not reconciled to a listing of all taxes held under protest. In addition, annual settlements prepared by the County Collector did not include some protested taxes.

Recommendation:

The County Commission:

A. Ensure the County Clerk maintains an account book with the County Collector and use this information to verify the accuracy of the County Collector's annual settlement.

B. Ensure the County Clerk formally verifies the accuracy of the tax books.

C. Ensure the County Clerk reconciles additions and abatements to the County Collector's annual settlements.

- D. Ensure the County Clerk accurately prepares and files the Land and Personal Tax Aggregate Abstract, the Railroad and Utility Aggregate Abstract, and the Back Tax Aggregate Abstract with the Department of Revenue and State Tax Commission.
- E. Ensure the County Collector prepares listings of all protested taxes and performs periodic reconciliations between the listings and the bank balances and files complete and accurate annual settlements. In addition, the County Clerk and County Commission should compare the amounts on the annual settlements to the County Clerk's account book to ensure the annual settlements are accurate.

Status:

A,B

&D. Implemented.

- C. Not implemented. The County Clerk has made improvements to procedures over additions and abatements; however, see MAR finding number 10 for a related situation.
- E. Partially implemented. The County Collector prepared listings of all protested taxes and performed reconciliations between the listings and the bank balances; however, complete and accurate annual settlements were not prepared by the County Collector, and the County Clerk and County Commission did not adequately review the annual settlements for accuracy. See MAR finding number 11.

6. Personnel Policies and Procedures

- A. The Sheriff maintained timesheets and leave records for his department's full-time employees in his office, but did not file these with the County Clerk's office monthly. In addition, the Prosecuting Attorney's secretary did not always prepare a timesheet documenting actual hours worked.
- B. Records of vacation or sick leave earned, taken, and accumulated were not maintained for the Prosecuting Attorney's secretary, and the Sheriff maintained leave records for his office's employees and did not file these leave records with the County Clerk's office.

Recommendation:

The County Commission:

- A. Require the Sheriff's employees to file timesheets with the County Clerk's office, and also require the Prosecuting Attorney's secretary to prepare and file her timesheets with the County Clerk's office.
- B. Maintain centralized leave records for all county employees.

Status:

Implemented.

7. General Fixed Assets

The County Clerk did not periodically reconcile equipment purchases with additions to the fixed asset records, and physical inventories were not performed for assets assigned to some officials. Several fixed assets purchased were not added to the listing, and the county did not add the cost of the addition of an elevator to the value of the court house. Property records did not always include the necessary information for some assets, such as serial number, make, model, identification number, acquisition by fund, acquisition date, and the date and method of disposal. Property items were also not always properly numbered, tagged, or otherwise identified.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy should include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Also, inventories and inspections should be performed by each county official and the County Clerk, and general fixed asset purchases should be periodically reconciled to general fixed asset additions. In addition, property control tags should be affixed.

Status:

Partially implemented. Physical inventories are now performed and property items are numbered, tagged, or otherwise identified; however, the listing is not complete. See MAR finding number 9.

8. Prosecuting Attorney Records and Procedures

A.1. Procedures had not been adopted by the Prosecuting Attorney to ensure that bad check complaints were filed with the court after the ten-day letter was sent and payments for bad checks written had not been received within the required ten-day period.

2. Court-ordered restitution payments were not disbursed to the victims in a timely manner.

B. The duties of receiving, recording, depositing, and disbursing monies, and reconciling the bank accounts were not adequately segregated, and there was no indication that supervisory reviews were performed.

- C. Receipt slips were only issued upon request.
- D. Receipts were not deposited in a timely manner.
- E. Cashiers checks and money orders received were not restrictively endorsed immediately upon receipt.
- F.1. Monthly bank reconciliations were not performed on the restitution account. In addition, the check book register was the only accounting record indicating a book balance, and it was not properly maintained. As a result, the December 31, 2003, reconciled bank balance exceeded the check book balance by \$6,656.
 - 2. The Prosecuting Attorney had not established procedures to follow up on old outstanding checks.
 - 3. Monthly listings of open items (liabilities) were not prepared, and consequently, liabilities were not reconciled with cash balances.
- G. The Prosecuting Attorney's office failed to periodically back-up information maintained on the computerized bad check complaint log and information was lost. In addition, monthly reports of bad checks and court-ordered restitution payments received and processed had never been printed or retained.
- H. The Prosecuting Attorney did not document his approval of bad check fee waivers.
- I. The Prosecuting Attorney had made no attempts to identify or dispose of monies in an old bank account, which had no activity since 1997.

Recommendation:

The Prosecuting Attorney:

- A.1. Establish procedures to adequately follow-up on ten-day letters for bad checks received and file complaints with the Circuit Clerk in a timely manner.
 - 2. Establish procedures to ensure court ordered restitution is disbursed to the victims in a timely manner.
- B. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the accounting records.
- C. Issue pre-numbered receipt slips for all bad check fees and restitution received and account for the numerical sequence of receipt slips. In addition, the receipt slips should be reconciled to bank deposits.
- D. Deposit all monies intact daily or when accumulated receipts exceed \$100.

- E. Restrictively endorse cashiers checks and money orders immediately upon receipt.
- F.1. Maintain an accurate balance in the checkbook register, and prepare monthly bank reconciliations. In addition, identify the difference between the reconciled bank balance and the checkbook register balance.
 - 2. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
 - 3. Prepare monthly listings of open items and reconcile the listing to the cash balance.
- G. Periodically prepare a backup disk and store it at an off-site location. In addition, monthly reports of bad checks and court-ordered restitution payments received and processed should be printed and retained.
- H. Approve and document all waivers of bad check fees.
- I. Attempt to identify the monies held in the old bank account and obtain written authorization from the court to dispose of the monies and close the account.

Status:

A-D,
F&I. Not implemented. See MAR finding number 13.

E,G
&H. Implemented.

9. Public Administrator Procedures

- A. Annual settlements were not filed in a timely manner, and while the probate court had a tracking system in place to notify the Public Administrator when an annual settlement was due, follow-up procedures had not been established.
- B. The Public Administrator had not established procedures to monitor collateral securities pledged by a client's depository bank and funds were under secured.
- C. Forms 1099 were not prepared for an unincorporated attorney who was paid in excess of \$600 from each of a number of estates for legal services.
- D. While the Public Administrator often collected her portion of fees assessed to the estates, she failed to collect the county's portion of the court-ordered fees.

- E. Real property (not under the control of the Public Administrator) was inaccurately included as an asset on the Public Administrator's annual settlements.

Recommendation:

The Public Administrator and the Associate Circuit Judge:

- A. Ensure annual settlements are filed on a timely basis.
- B. Ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.
- C. Ensure 1099 forms are prepared in accordance with IRS guidelines.
- D. Ensure fees are paid to the county in a timely manner.
- E. Ensure only assets under the control of the Public Administrator are reported on the annual settlement.

Status:

A&C. Implemented.

B. Not implemented. See MAR finding number 15.

D. Partially implemented. The Public Administrator currently receives payment from the county for her salary; however, the Public Administrator is not paying fees ordered to the county in a timely manner. See MAR finding number 15.

E. Implemented. No similar instances were noted.

10. County Clerk's Records and Procedures

- A. The method of payment received was not always indicated on the receipt slips, receipt slips were not always issued in sequential order, and the original copies of voided receipt slips were not always maintained.
- B. Receipts were not always transmitted to the County Treasurer on a timely basis.
- C. Checks and money orders were not restrictively endorsed immediately upon receipt.
- D. Accounting duties were not adequately segregated.

Recommendation:

The County Clerk:

- A. Ensure the method of payment is indicated on all receipt slips and reconcile total cash, checks, and money orders received to amounts transmitted to the County Treasurer. In addition, ensure receipt slips are issued in sequential order, and maintain original copies of all voided receipt slips.
- B. Transmit receipts to the County Treasurer monthly or when accumulated receipts exceed \$100.
- C. Restrictively endorse checks and money orders immediately upon receipt.
- D. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

Status:

- A. Partially implemented. The method of payment is indicated on receipt slips, the composition of receipts is reconciled to amounts transmitted, and receipt slips are issued in sequential order; however, the original copy of one voided receipt slip was not retained. Although not repeated in the current MAR, our recommendation remains as stated above.

B&D. Implemented.

- C. Not implemented. During a cash count, we noted two checks were not restrictively endorsed. The County Clerk indicated her normal procedure is to endorse checks immediately upon receipt, and the checks noted in the cash count were errors. Although not repeated in the current MAR, our recommendation remains as stated above.

11. Sheriff's Records and Procedures

- A. The Sheriff's office had no formal follow-up procedures for unpaid board bills.
- B.1. The petty cash fund used for travel advances to deputies when transporting prisoners and for investigations was not maintained at a set amount. Invoices or purchase receipts were not always submitted to the county to support or document the amount being requested to replenish the fund. In addition, the Sheriff did not provide any documentation to determine the cash on hand.
- 2. The Sheriff did not maintain a ledger to account for receipts, disbursements, and cash balances. In addition, deputies were not required to document the use of monies obtained.

Recommendation:

The Sheriff:

- A. Compare prisoner board billings and the subsequent payments received by the County Treasurer on a regular basis and rebill any unpaid amounts. Documentation of any subsequent billings should be maintained.
- B. Maintain the petty cash fund at a constant amount, and maintain documentation of all petty cash receipts and disbursements. In addition, ledgers should be maintained to account for all petty cash receipts and disbursements. Individuals should sign for monies received and documentation should be retained and reconciled to records of change returned and purchase invoices submitted (when applicable).

Status:

- A. Implemented.
- B. Partially implemented. Supporting documentation is maintained; however, the petty cash fund is not maintained at a constant amount and the petty cash ledger does not include all activity. See MAR finding number 12.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CEDAR COUNTY
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Cedar County is a county-organized, third-class county and is part of the Twenty-Eighth Judicial Circuit. The county seat is Stockton.

Cedar 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 judicial courts, 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's population was 13,733 in 2000. The assessed valuation for the year ended December 31, 2007, was:

Real estate	\$ 104,853,512
Personal property	42,506,327
Railroad and utilities	<u>5,587,700</u>
Total	<u>\$ 152,947,539</u>

Assessed valuations and tax rate levies for political subdivisions within the county are included in the annual review of property tax rates issued by the state auditor; see Report No. 2007-91.

Cedar County has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Law enforcement	.0050	None	None	

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

Officeholder	2008	2007
County-Paid Officials:		
Kenneth Whitesell Jr., Presiding Commissioner	\$	25,760
Byron L. Hamilton, Associate Commissioner		22,572
John A. Fox, Associate Commissioner		22,572
Carole Wilkerson, Recorder of Deeds		36,000
Peggy Kenney, County Clerk		36,000
Michael L. Ash, Prosecuting Attorney		101,090
Aaron Spillman, Sheriff		37,800
Joe Lee Levi, County Treasurer		36,000
C.W. (Bill) Neale, County Coroner		9,900
Janice Cagle, Public Administrator		34,200
Joan Haines, County Collector, year ended February 28 (29),	36,000	
Paul E. (Eddie) Johnson, County Assessor (1), year ended August 31,		34,888
Chad Pyle, County Surveyor (2)		

(1) Includes \$688 annual compensation received from the state.

(2) Compensation on a fee basis.

State-Paid Officials:

Melinda Gumm, Circuit Clerk	51,197
Joseph B. Phillips, Associate Circuit Judge	101,090

APPENDIX

CEDAR COUNTY
APPENDIX

Date Received	Received From		Amount Received	Amount Disbursed	Difference
<u>Officer Number 1</u>					
12/22/2005	Task Force	\$	500.00	0.00	500.00 (1)
1/13/2006	Task Force		356.72	356.72	0.00
2/28/2006	Task Force		420.05	420.05	0.00
6/1/2006	Task Force		455.65	445.65	10.00 (2)
6/5/2006	Task Force		420.00	420.00	0.00
6/9/2006	Task Force		460.00	460.00	0.00
6/17/2006	Task Force		344.40	344.40	0.00
6/21/2006	Task Force		544.40	544.40	0.00
7/5/2006	Task Force		590.00	590.00	0.00
7/11/2006	Task Force		498.89	498.89	0.00
7/17/2006	County		500.00	0.00	500.00 (1)
9/5/2006	Task Force		202.19	202.19	0.00
9/5/2006	County		120.00	110.00	10.00 (3)
10/6/2006	Task Force		295.52	295.52	0.00
10/16/2006	County		240.00	240.00	0.00
N/A	N/A	*	0.00	52.28	-52.28
12/11/2006	County		140.00	140.00	0.00
N/A	N/A	*	0.00	60.00	-60.00 (4)
N/A	N/A	*	0.00	120.00	-120.00 (5)
N/A	N/A	*	0.00	90.00	-90.00 (6)
N/A	N/A	*	0.00	25.00	-25.00
5/21/2007	County		350.00	200.00	150.00 (7)
<u>Officer Number 2</u>					
2/28/2006	Task Force		500.00	0.00	500.00 (1)
6/1/2006	Task Force		143.61	143.61	0.00
7/17/2006	County		500.00	0.00	500.00 (1)
10/2/2006	County		450.00	450.00	0.00
10/2/2006	County		1,960.00	1,960.00	0.00 (8)
10/11/2006	Task Force		324.28	824.28	-500.00
N/A	Barton County Sheriff		510.00	600.00	-90.00 (9)

CEDAR COUNTY
APPENDIX

Date Received	Received From	Amount Received	Amount Disbursed	Difference
<u>Officer Number 3</u>				
2/28/2006	Task Force	500.00	0.00	500.00 (1)
9/5/2006	Task Force	526.50	526.50	0.00
12/11/2006	County	55.00	55.00	0.00 (10)
<u>Officer Number 4</u>				
2/5/2007	Task Force	800.00	800.00	0.00
N/A	N/A	0.00	225.00	-225.00 (11)
<u>Officer Number 5</u>				
7/17/2006	County	500.00	0.00	500.00 (1)
9/5/2006	Task Force	130.50	130.50	0.00
9/5/2006	County	220.00	220.00	0.00
11/6/2006	County	1,800.00	1,800.00	0.00
12/18/2006	County	900.00	900.00	0.00
Total		\$ 16,257.71	14,249.99	2,007.72

* Monies were disbursed, but not claimed for reimbursement.

- (1) Represents start up monies.
- (2) County overpaid reimbursement by \$10 in error.
- (3) Informant returned \$10 to the undercover officer and he placed the monies back into his drug buy funds, but the officer requested and received reimbursement also.
- (4) Reimbursement request indicated \$90 was spent; however, the officer's activity report indicated only \$60 was spent.
- (5) Reimbursement request indicated \$180 was spent; however, \$60 of the \$180 was reimbursed on May 21, 2007.
- (6) Reimbursement request and receipts signed by informants indicates \$90 was spent; however, officer's activity report indicates \$105 was spent.
- (7) \$150 was recovered and placed back into the officer's drug buy funds when the suspect was subsequently arrested.
- (8) \$1,960 was received by Cedar County on date noted above, and \$1,960 collectively was received from the Barton County Sheriff on August 28, and September 4, 10, 11, 12, 13, 14, and 19, 2006. The Barton County Sheriff indicated the officer reimbursed him and these monies are on hand in Barton County.
- (9) \$510 was received from Barton County Sheriff on October 4 and 6, 2006.
- (10) Balance of \$500 was transferred to Officer Number 4.
- (11) Officer indicated he left cash in drug task force vehicle for Officer Number 1 to pick up.

Source: Drug Task Force Reimbursement Request Forms and Officer Activity Reports