



**Susan Montee, JD, CPA**  
Missouri State Auditor

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# Dade County



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October 2009  
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Office of the  
Missouri State Auditor  
Susan Montee, JD, CPA

October 2009

The following findings were included in our audit report of Dade County.

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The County Commission entered into a 10 year loan agreement for \$32,500 with an interest rate of 4 percent with the former Prosecuting Attorney in January 2009, for the purchase of her office building. It is unclear why the County Commission entered into this loan agreement given the cash balance and projected cash balance of the General Revenue Fund. In addition, the County Commission purchased this building without obtaining an independent appraisal of the property. The county has not entered into a formal written contract with the Local Emergency Planning Commission Director who serves as a contract employee, timesheets or other records documenting work performed were not prepared by the Director, the mileage rate paid to the Director did not agree with the county's mileage rate, and some fees for administering Public Assistance Grants were not paid to the Director during the same year services were incurred and grant funds were received. The county did not solicit bids or document sole source providers for some purchases, and adequate supporting documentation was not obtained or retained for some disbursements. Mileage and fuel use logs were not retained for the Sheriff and his chief deputy during 2008, and fuel use is not reconciled to fuel purchases. In addition, some county patrol cars were used to transport passengers for unofficial business.

Improvement is needed over payroll policies and procedures. Centralized records of leave balances and leave used and earned are not maintained, and compensatory time (overtime) is not always earned and paid in accordance with the county's personnel policy. Timesheets are not prepared by the chief deputy in the Sheriff's office, and timesheets submitted by employees of the Sheriff's office were not signed by the employee or the Sheriff. Payroll tax forms were not filed timely with the IRS.

The County Commission and County Clerk do not adequately review the activities of the County Collector-Treasurer, and controls and procedures over property tax additions and abatements need improvement.

The County Collector-Treasurer's annual settlements did not include the balances of certificates of deposits (CDs) in the General Revenue Fund and Special Road and Bridge Fund totaling \$165,697 and \$206,443, respectively. In addition, the county's budgets prepared by the County Clerk for the General Revenue Fund and Special Road and Bridge Fund did not include the accumulated interest earned on the CDs of \$6,443 and \$65,697, respectively.

The Sheriff maintained a bank account for the deposit of conceal and carry permit fees outside the county treasury, and there is no statutory authority allowing the Sheriff to hold this account outside the county treasury. A deputy was paid for overtime from this bank

YELLOW SHEET

account, and as a result, this payment was not processed through the county's payroll system, subjected to payroll tax withholdings, or reported on the employee's W-2 form. In addition, monthly bank reconciliations are not prepared and most bank statements were unopened for this account. Accounting duties of the Sheriff's office are not adequately segregated. Controls over monies collected in the Sheriff's office need improvement, and significant weaknesses were identified with the Sheriff's reconciliation procedures. Bank reconciliations are not prepared for the Sheriff's civil fee and bond bank accounts and most bank statements were unopened. Monthly lists of liabilities are not prepared, and consequently, liabilities are not reconciled with cash balances. The Sheriff's office has not entered into written agreements with surrounding counties and cities for the board of prisoners.

Accounting duties in the Prosecuting Attorney's office are not adequately segregated. Bank reconciliations are not prepared for the Prosecuting Attorney's bad check fee and restitution bank account. In addition, monthly lists of liabilities are not prepared, and consequently, liabilities are not reconciled with cash balances. Also, the Prosecuting Attorney has not established procedures to routinely follow up on old outstanding checks.

Monthly bank reconciliations are not prepared by the Recorder of Deeds, and she does not maintain a running balance in her checkbook register. Monthly lists of liabilities are not prepared, and consequently, liabilities are not reconciled with cash balances. Copy fees received are held and used for petty cash disbursements, and as a result, the petty cash fund is not maintained on an imprest basis. A petty cash ledger or proper documentation to support the receipts and disbursements of the petty cash fund is not maintained. Also, petty cash fund disbursements were not supported by vendor invoices.

Other findings in the audit report relate to capital asset records and procedures, election services bank account controls and procedures, and the Emergency 911 Board.

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DADE COUNTY

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STATE AUDITOR'S REPORT



**SUSAN MONTEE, JD, CPA**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Dade County

We have audited certain operations of Dade County in fulfillment of our responsibilities under Section 29.230, RSMo. In addition, Davis, Lynn & Moots PC, CPA, Certified Public Accountants, has been engaged to audit the financial statements of Dade County for the 2 years ended December 31, 2008. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2008. The objectives of our audit were to:

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

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 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 Dade County.



Susan Montee, JD, CPA  
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CIA, CGFM
Audit Manager:	Pamela Allison Tillery, CPA
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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

DADE COUNTY  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>County Disbursements</b>
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Concerns were noted with the county's purchase of a building and the related loan agreement. In addition, controls and procedures over county disbursements need improvement.

A. The County Commission entered into a 10 year loan agreement for \$32,500 with an interest rate of 4 percent with the former Prosecuting Attorney in January 2009 for the purchase of her office building. We noted the following concerns:

- It is unclear why the County Commission entered into this loan agreement when the General Revenue Fund had an ending cash balance of approximately \$337,000 as of December 31, 2008, and a projected ending cash balance of approximately \$208,000 as of December 31, 2009. If the loan is not paid off early, the county will incur approximately \$7,000 in unnecessary interest costs.

To ensure unnecessary interest costs are not incurred, the County Commission should adequately document its evaluation of funds available, financing arrangements, and interest costs associated with future loans.

- The County Commission purchased this building for \$37,500 without obtaining an independent appraisal of the property. The County Commission believes the amount paid was reasonable; however, to ensure and document a reasonable amount was paid for the property, a written appraisal from an independent appraisal company should have been obtained prior to the purchase and used to provide a basis for negotiations.

B. The county has not entered into a formal written contract with the Local Emergency Planning Commission (LEPC) Director who serves as a contract employee and was paid \$23,632 and \$37,396 during the years ended December 31, 2008 and 2007, respectively. These payments included a salary amount and overtime; fees for administering public assistance grants; and expenses including mileage, cellular telephone bills, office supplies, postage, conference dues, and meals. The following concerns were noted regarding these payments:

- Timesheets or other records documenting work performed were not prepared by the LEPC Director. The county paid the LEPC Director \$17,500 and \$16,299 during the years ended December 31, 2008 and 2007, respectively, plus overtime totaling \$3,899 in 2007. In addition, he was paid an additional

\$1,149 and \$11,995 in 2008 and 2007, respectively, to administer public assistance grants.

- The LEPC Director is reimbursed for mileage traveled; however, the mileage reimbursement rate paid to the LEPC Director of 45.5 cents per mile did not agree with the county's mileage rate of 37.5 cents per mile. The county reimbursed the LEPC Director \$2,080 and \$2,270 for mileage during the years ended December 31, 2008 and 2007, respectively.
- While the LEPC Director requested reimbursement of his monthly cellular phone bill, the county did not require him to submit his detailed phone bill for review. The county reimbursed the LEPC Director \$743 and \$1,144 for his cellular phone bill during the years ended December 31, 2008 and 2007, respectively.
- Some fees for administering Public Assistance Grants were not paid to the LEPC Director during the same year services were incurred and grant funds were received. The LEPC Director indicated he asked the County Commission to delay payment of these fees until the next year so it would not affect his ability to collect Social Security.

Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts, signed by the parties involved, should specify the services to be rendered, the manner and amount of compensation to be paid, and the documentation required for payments of salary and overtime, administrative fees, and expenses. A mileage rate should be established in the contract. Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. In addition, to ensure federal monies are properly handled and accounted for, administrative fees should be paid in the year the service was incurred and funds are received.

- C. While a review of County Commission meeting minutes and bid files indicated the county bid numerous items, the county did not solicit bids or document sole source providers for the following purchases:

<u>Item or Service</u>	<u>Cost</u>
Prisoner board (2008 and 2007)	\$ 26,620
Prisoner food (2008 and 2007)	15,380
Assessor's computer software	11,240
Patrol vehicle	10,800
Plumbing services	7,100
Storm debris clean-up	5,680

Section 50.660, RSMo, provides guidance on bidding requirements and procedures. 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 and emergency purchases) should be retained to demonstrate compliance with the law and support decisions made.

- D. Adequate supporting documentation was not obtained or retained for some disbursements. Examples included payments for construction of a handicap ramp at a polling site (\$1,799); Drug Awareness and Resistance Education (DARE) mileage (\$446); and Prosecuting Attorney's lodging (\$247), cellular phone purchase (\$107), mileage (\$95) and training registration fee (\$65). In addition, mileage was not reimbursed in compliance with the county's established mileage rate of 37.5 cents per mile. DARE mileage was reimbursed at 47.5 cents per mile and the Prosecuting Attorney's mileage was reimbursed at 41.5 cents per mile. All disbursements should be supported by paid receipts or vendor invoices to ensure the obligations were actually incurred and the disbursements represent appropriate uses of public funds. In addition, mileage should be reimbursed in accordance with the county's established policy.
  
- E. Mileage and fuel use logs were not retained for the Sheriff and his chief deputy during 2008, and fuel use is not reconciled to fuel purchases. In addition, both the Sheriff and a deputy used county patrol vehicles to pick children up from school. The school district for the deputy's children is not located within Dade County and is 41 miles away (one way) from the Dade County Courthouse. The amount of personal mileage was not maintained or included on W-2 forms.

The county's budget indicated fuel costs of approximately \$32,400 and \$23,900 during the years ended December 31, 2008 and 2007, respectively. Fuel is purchased from a local service station.

Mileage and fuel use logs are necessary to document the appropriate use of equipment and vehicles (especially those used for personal purposes) and to support fuel charges. Mileage and fuel use logs should be maintained for all Sheriff's office vehicles and reconciled to fuel purchases. Failure to account for fuel purchases could result in loss, theft, and misuse going undetected. In addition, given the high cost of fuel and additional liability incurred with passengers being transported for unofficial business in a county owned vehicle, the Sheriff and the County Commission should review the practice of allowing the use of county owned vehicles for other than county business and discontinue allowing passengers to be transported for unofficial business 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.

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

**WE RECOMMEND** the County Commission:

- A. Adequately document its evaluation of funds available, financing arrangements, and interest costs associated with future loans. In addition, the County Commission should consider paying off the loan. Also, the County Commission should ensure independent appraisals are obtained for all future real estate purchases.
- B. Enter into a written agreement for LEPC services, which details the duties to be performed, compensation to be paid, and the documentation required for payments of salary and overtime, administrative fees, and expenses. Also, administrative grant fees should be paid in a timely manner.
- C. Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
- D. Ensure adequate supporting documentation is obtained and retained for all disbursements and mileage is reimbursed in accordance with the county's established mileage rate.
- E. Require mileage and fuel use logs be retained for all Sheriff's office vehicles and logs be reconciled to fuel purchases. Any significant discrepancies should be investigated. In addition, the County Commission should comply with IRS guidelines for reporting personal commuting mileage, and discontinue the practice of allowing passengers to be transported for unofficial business in county owned vehicles.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *In the future, we will get appraisals on all purchases of county property. The loan payments are planned to be paid primarily from the Prosecuting Attorney's Bad Check Fund, because the building purchased houses the Prosecuting Attorney's office, and the remaining portion of the loan payments will be paid from the General Revenue Fund.*
- B. *We will enter into a written agreement with the LEPC Director, and review amounts paid and documentation received from him. We will also ensure administrative fees are submitted timely.*
- C. *We will try to improve our procurement process.*
- D. *We will work with other officials to ensure proper documentation of expenses are turned in for payment.*

E. *We will establish a countywide policy to address these issues for fuel.*

*The Sheriff provided the following response:*

E. *Mileage logs are currently maintained by the Sheriff and Chief Deputy. I will try to ensure the logs are reconciled to fuel purchases as current staffing will allow. The deputy, who picked up her children at a school outside the county, is no longer employed by the Sheriff's office, and I will ensure vehicles are not used for personal use.*

<b>2. Payroll Controls and Procedures</b>
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Improvement is needed over payroll policies and procedures.

- A. Centralized records of leave balances and leave used and earned are not maintained. Employees are responsible for recording and accumulating their leave balances. Without centralized leave records, the County Commission cannot ensure employees' vacation, sick, and compensatory balances are accurate and in compliance with county policy, and all employees are treated equitably. Centralized leave records also aid in determining unused vacation leave upon termination of employment.
- B. Compensatory time (overtime) is not always earned and paid in accordance with the county's personnel policy. For example, the County Collector-Treasurer used nonworking time (vacation, sick leave, compensatory time taken, and holidays) in his calculation to determine the amount of overtime paid to his deputy clerk, resulting in an overpayment. The county may be paying more compensatory time to employees than required as a result of using nonworking time in its calculations of overtime earned. The county's personnel policy indicates overtime will be determined based upon only "hours actually worked on the county's behalf".
- C. Timesheets are not prepared by the chief deputy in the Sheriff's office. In addition, timesheets submitted by employees of the Sheriff's office were not signed by the employee or the Sheriff. Timesheets are necessary to document hours worked, substantiate payroll disbursements, and provide the county with a method to monitor hours worked and leave taken and are beneficial in demonstrating compliance with Fair Labor Standards Act (FLSA) requirements. In addition, timesheets should be signed by all employees and include documentation of supervisory approval.
- D. Payroll tax forms were not filed timely with the IRS. For example, in 2008, the third quarter payroll tax form was not filed until January 12, 2009. The Internal Revenue Code requires 941 forms be filed with the IRS on a quarterly basis.

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

**WE RECOMMEND** the County Commission:

- A. Maintain centralized leave records for all county employees.
- B. Ensure employees accrue overtime in accordance with the county's personnel policy and nonworking time is not used in the calculation of overtime.
- C. Ensure timesheets are prepared by all employees and are signed by both the employee and the employee's supervisor.
- D. Ensure payroll tax forms are filed in a timely manner.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We will request all officeholders to submit these records to the County Clerk and the County Clerk to maintain centralized leave records.*
- B. *We will remind the officeholders to follow county policy for compensatory time.*
- C. *We will try to ensure the employees of the Sheriff's office and the Sheriff sign timesheets.*
- D. *We will recommend the County Clerk ensure all payroll tax forms are filed in a timely manner.*

*The County Collector-Treasurer provided the following response:*

- B. *I will comply with county policy when calculating overtime hours and pay of my deputy clerk.*

*The Sheriff provided the following response:*

- C. *This has been implemented.*

<b>3. Property Tax System Controls and Procedures</b>
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The County Clerk and County Commission do not adequately review the activities of the County Collector-Treasurer, and controls and procedures over property tax additions and abatements need improvement.

- A. Neither the County Commission nor the County Clerk adequately reviews the collector related activities of the County Collector-Treasurer. While the County Clerk and County Collector-Treasurer indicated they balance various tax records monthly and annually, the County Clerk does not maintain an account book or

other records summarizing property tax transactions and changes, and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector-Treasurer's monthly or annual settlements.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records which summarize all taxes charged to the County Collector-Treasurer, monthly collections, delinquent credits, abatements and additions, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure the amount of taxes charged and credited to the County Collector-Treasurer each year is complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector-Treasurer's monthly and annual settlements.

- B. Controls and procedures over property tax additions and abatements need improvement. Additions and abatements are prepared by the Assessor, signed by the County Clerk, and changed in the property tax system by the County Collector-Treasurer. The County Commission does not document its review and approval of the additions and abatements, and the County Clerk and County Commission do not compare the additions and abatements to the changes made by the County Collector-Treasurer on the property tax system. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector-Treasurer is charged with collecting, are not properly monitored and errors and irregularities could go undetected. Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making changes to the tax books with the approval of the County Commission.

Similar conditions were noted in our prior report.

**WE AGAIN RECOMMEND:**

- A. The County Clerk maintain an account book with the County Collector-Treasurer. The County Clerk and County Commission should use the account book to review the accuracy and completeness of the County Collector-Treasurer's monthly and annual settlements.
- B. The County Commission and County Clerk should develop procedures to ensure any changes to the property tax system are properly approved and monitored.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We will work with the County Clerk and County Collector-Treasurer to review and approve monthly and annual settlements.*

- B. *We will improve existing procedures for additions and abatements to the property tax system.*

*The County Clerk provided the following responses:*

- A. *I will implement this for the new tax year and work with the County Collector-Treasurer to ensure this is done.*

<b>4. County Financial Records</b>
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While the County Clerk and County Collector-Treasurer indicated they reconcile their accounting records monthly, the County Collector-Treasurer's annual settlements did not include the balances of certificates of deposits (CDs) in the General Revenue Fund and Special Road and Bridge Fund totaling \$165,697 and \$206,443, respectively. In addition, the county's budgets prepared by the County Clerk for the General Revenue Fund and Special Road and Bridge Fund did not include the accumulated interest earned on the CDs of \$6,443 and \$65,697, respectively.

Section 51.150.1, RSMo, requires the County Clerk to keep regular accounts with the County Collector-Treasurer. To provide the type of check and balance system required by state law, to ensure errors and omissions are detected on a timely basis, and to provide accurate financial reporting, the County Clerk and County Collector-Treasurer should reconcile their records and include all CD activity on the annual settlement and budgets. In addition, for the budget documents to be of maximum assistance to the county and to adequately inform county residents of the county's operations and current financial position, the budgets should include all CD activity.

**WE RECOMMEND** the County Commission ensure the County Collector-Treasurer and County Clerk reconcile their accounting records and include all CD activity on the annual settlement and budgets.

**AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*We will work with the County Clerk and County Collector-Treasurer to ensure all CD activity is included on the annual settlements and budgets.*

*The County Clerk indicated all CD activity will be reported on the 2010 budget.*

*The County Collector-Treasurer indicated all CD activity will be reported on the annual settlements.*

**5.****Capital Asset Records and Procedures**

The county does not maintain complete and current records of its capital assets including land, buildings, equipment, and other property. The county's only list of capital assets is the county insurance carrier's list of county property, and as a result, the property records do not always include the necessary information for assets. In addition, no procedures are in place to identify property purchases and disposals throughout the year. Also, property is not tagged for specific identification and an annual physical inventory is not performed.

Adequate capital asset records and monitoring procedures are necessary to ensure compliance with Section 49.093, RSMo, and to provide adequate internal controls over county property. The records should include a detailed description of the assets including name, make, and model numbers; asset identification numbers; physical location of the assets; and date and method of disposition of the assets. The comparison of periodic inventories to overall county capital asset records could potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Procedures to promptly identify, tag, and insure new property items are necessary to properly protect county assets.

A similar condition was noted in the prior audit.

**WE AGAIN RECOMMEND** the County Clerk require physical inventory reports be prepared by each of the county departments, review the reports for accuracy, and utilize them to monitor property additions and dispositions. In addition, property control tags should be affixed to all capital assets, and annual inventories should be conducted.

**AUDITEE'S RESPONSE**

*The County Clerk provided the following response:*

*I will request an inventory from all office holders each year and ensure an inventory is performed annually. I will take tagging assets under consideration and have discussed this with the County Commission in the past.*

**6.****Sheriff Controls and Procedures**

The Sheriff holds a conceal and carry permit fee bank account outside the county treasury. In addition, accounting controls and procedures related to monies collected and bank accounts maintained by the Sheriff's office need improvement. The Sheriff's office collected civil and criminal process fees and cash bonds during the 2 years ended December 31, 2008 and 2007, totaling approximately \$48,000 and \$26,000, respectively.

- A. The Sheriff maintains a bank account for the deposit of conceal and carry permit fees and the disbursement of overtime payments and equipment purchases outside the county treasury. Approximately, \$5,000 and \$3,700 in receipts and disbursements, respectively, were processed through this account during the 2 years ended December 31, 2008. The following concerns were identified related to this account:
- There is no statutory authority allowing the Sheriff 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.
  - A deputy was paid \$120 in March 2008, from this bank account, for overtime worked. As a result, this payment was not processed through the county's payroll system, subjected to payroll tax withholdings, or reported on the employee's W-2 form. The overtime worked for this additional compensation was documented on the employee's timesheet. To ensure compliance with the FLSA and IRS regulations, all overtime payments should be paid through the regular county payroll process, subjected to payroll tax withholdings, and reported on employee W-2 forms.
  - Monthly bank reconciliations are not prepared and most bank statements were unopened. A bank reconciliation was prepared at our request as of May 31, 2009, and the reconciled balance of the account was \$3,982. Timely preparation of monthly bank reconciliations is necessary to ensure the bank account is in agreement with accounting records and to detect and correct errors.
- B. Accounting duties are not adequately segregated. The Sheriff's bookkeeper collects monies, records transactions, makes deposits, and prepares checks. Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, and depositing receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the accounting records should be performed and documented by the Sheriff.
- C. Controls over monies collected in the Sheriff's office need improvement.
- 1) Receipts are not always deposited in a timely manner. Civil and criminal process fees received are deposited twice a month, and bond monies received are deposited once a month.
  - 2) The method of payment is not always indicated on receipt slips, and the composition of receipt slips issued is not reconciled to the composition of deposits.

- 3) Receipt slips are not always issued in numerical order or accounted for properly. For example, three different receipt slips were issued for a single bond receipt. In addition, several bond receipt slips were torn out of the receipt book and discarded.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited in a timely manner. Also, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits. In addition, without accounting for the numerical sequence of all receipt slips, the Sheriff's office cannot ensure all monies collected are ultimately deposited and recording errors are detected.

D. Significant weaknesses were identified with the Sheriff's reconciliation procedures. Bank reconciliations are not prepared for the Sheriff's civil fee and bond bank accounts and most bank statements were unopened. In addition, monthly lists of liabilities are not prepared, and consequently, liabilities are not reconciled with cash balances. During our review of bank reconciliations and open items prepared upon our request, we noted the following concerns:

- The Sheriff's bookkeeper utilizes an electronic accounting system to record the activity and balance of the bond account; however, it was inaccurate. The accounting system reported a negative balance of \$59,020 as of December 31, 2008, while the reconciled bank balance was \$754.
- Incentive payments received from the Social Security Administration (SSA) for prisoners were direct deposited into the Sheriff's civil fee account; however, the bookkeeper was not aware they had been received. Incentives are paid to Sheriff's offices for reporting prisoner information to the SSA so prisoner benefits can be halted during incarceration. Had monthly bank reconciliations been performed, the Sheriff's office would have been aware these payments were direct deposited into the Sheriff's bank account. These incentive payments represent accountable fees and should be turned over to the county treasury.
- A list of monthly liabilities was prepared for the civil fee bank account at May 31, 2009, and unidentified funds of \$4,306 existed in this account. In addition, a list of monthly liabilities was prepared for the bond bank account at December 31, 2008, and unidentified funds of \$207 existed in this account.

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. In addition, without regular identification and comparison of liabilities to the reconciled cash balance, there is less likelihood errors will be identified and the ability to both identify liabilities and resolve errors is diminished. 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 lists of liabilities should be prepared and reconciled to cash balances. Further, the Sheriff should dispose of unidentified monies as provided by various statutory provisions.

- E. The Sheriff's office has not entered into written agreements with surrounding counties and cities for the board of prisoners detailing the prisoner housing rate to be paid, the services to be provided, or any required notification for emergency or non routine situations. The Sheriff's office has sent several board bills totaling \$2,680 to the City of Greenfield, with some dating back to January 2008; however, the City of Greenfield has not paid the bills as of August 2009. Upon bringing this to his attention, the Sheriff contacted the City of Greenfield, and indicated the city refused to pay the bills. In addition, the Sheriff indicated he has a reciprocal verbal agreement with the neighboring counties to house Dade County prisoners at no charge.

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

Conditions similar to C and D were noted in our prior report.

**WE RECOMMEND** the Sheriff:

- A. Turn over custody of the conceal and carry permit fee bank account to the County Collector-Treasurer. In addition, the Sheriff should ensure all overtime payments are processed through the county's payroll system and the deputy's W-2 form is amended.
- B. Adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.
- C. Ensure all receipts are deposited in a timely manner, ensure the method of payment is indicated on all receipt slips, reconcile the composition of receipts to the composition of amounts deposited, and properly account for the numerical sequence of receipt slips issued.
- D. Ensure bank reconciliations are performed and any differences between the accounting records and reconciliations are investigated and resolved. In addition, the Sheriff should identify month-end liabilities and reconcile to the bank balances. Further, the Sheriff should dispose of all unidentified monies as provided by various statutory provisions and turn over all fees, including SSA incentive payments, to the county treasury.

- E. And the County Commission enter into written agreements with all parties that clearly detail the services to be performed and the compensation to be paid or benefits received.

**AUDITEE'S RESPONSE**

*The Sheriff provided the following responses:*

- A. *This account has been turned over to the County Treasurer. All overtime payments will be made through the county's payroll process.*
- B. *I will review and document my review of the accounting records.*
- C. *I will ensure deposits are made more timely (at least once a week), receipt slips indicate the method of payment, and the composition of receipt slips are reconciled to deposits. I will ensure receipt slips are issued in numerical sequence and accounted for properly.*
- D. *My office is working on correcting the accounting system. I will ensure bank reconciliations are performed monthly, and all monies are turned over to the County Treasurer on a monthly basis.*
- E. *I plan to enter into written agreements for the board of prisoners. I have turned the amounts owed from the City of Greenfield over to the County Commission for collection.*

<b>7. Prosecuting Attorney Controls and Procedures</b>
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Accounting duties are not adequately segregated, and accounting controls and procedures relating to the Prosecuting Attorney's bank account and liabilities need improvement. The Prosecuting Attorney's office received monies for bad check fees and restitution totaling approximately \$61,000 and \$47,000 during the years ended December 31, 2008 and 2007, respectively.

- A. Accounting duties are not adequately segregated. The Prosecuting Attorney's bookkeeper collects monies, records transactions, makes deposits, and prepares checks. While the Prosecuting Attorney reviews month end reports prepared by the bookkeeper, monthly bank reconciliations and liabilities are not reviewed. Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, and depositing receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of bank reconciliations and liabilities should be performed and documented by the Prosecuting Attorney.
- B. Bank reconciliations are not prepared for the Prosecuting Attorney's bad check fee and restitution bank account. In addition, monthly lists of liabilities are not

prepared, and consequently, liabilities are not reconciled with cash balances. Also, the Prosecuting Attorney has not established procedures to routinely follow up on old outstanding checks.

Upon our request, a bank reconciliation and list of monthly liabilities were prepared as of April 30, 2009. The reconciled bank balance was \$536 and liabilities totaled \$730, resulting in a difference of \$194. Thirteen checks totaling \$319 had been outstanding for over one year, with two dating back to 2000.

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. In addition, without regular identification and comparison of liabilities to the reconciled cash balance, there is less likelihood errors will be identified and the ability to both identify liabilities and resolve errors is diminished. Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time.

A condition similar to B was noted in the prior report.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.
- B. Ensure bank reconciliations are performed and any differences between the accounting records and reconciliations are investigated and resolved. In addition, the Prosecuting Attorney should identify month-end liabilities and reconcile to the bank balances, and establish routine procedures to investigate checks outstanding for a considerable time.

### **AUDITEE'S RESPONSE**

*The Prosecuting Attorney provided the following written responses:*

- A. *With two full time employees and myself, it is difficult to segregate the accounting duties. I will ensure that supervisory reviews of accounting records continue and that documentation is improved to show that it is being done.*
- B. *I will ensure that bank reconciliations are performed and documented. All old checks have been stopped and reissued where applicable. Outstanding checks are now followed up on with the payee after two months and turned over to unclaimed property twice a year.*

Accounting controls and procedures relating to the Recorder of Deed's bank account, liabilities, copy fees, and petty cash funds need improvement. The Recorder of Deed's office received monies for copies and recording marriage licenses, Uniform Commercial Code (UCC) filings, deeds, and tax liens totaling approximately \$52,000 and \$62,000 during the years ended December 31, 2008 and 2007, respectively.

- A. Monthly bank reconciliations are not prepared by the Recorder of Deeds, and she does not maintain a running balance in her checkbook register. In addition, monthly lists of liabilities are not prepared, and consequently, liabilities are not reconciled with cash balances.

Upon our request, a bank reconciliation and list of monthly liabilities were prepared as of December 31, 2008, and \$548 of unidentified funds existed in the bank account. The Recorder of Deeds indicated these unidentified monies represent the accumulation of small overpayments (under \$20) which have not been refunded to the payee or remitted to the County Collector-Treasurer.

Timely preparation of monthly bank reconciliations and maintaining records of cash balances is necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors. In addition, without regular identification and comparison of liabilities to the reconciled cash balance, there is less likelihood errors will be identified and the ability to both identify liabilities and resolve errors is diminished. 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 lists of liabilities should be prepared and reconciled to cash balances. Further, the Recorder of Deeds should dispose of unidentified monies or overpayments as provided by various statutory provisions.

- B. Copy fees received are held and used for petty cash disbursements, and as a result, the petty cash fund is not maintained on an imprest basis. In addition, a petty cash ledger or proper documentation to support the receipts and disbursements of the petty cash fund is not maintained. Also, petty cash fund disbursements were not supported by vendor invoices. A cash count performed in April 2009, showed a balance of \$226 in the petty cash fund.

To ensure all receipts are accounted for properly, copy monies should be deposited intact. If a petty cash fund is needed, it should be established and maintained on an imprest basis, where petty cash on hand plus the total of all paid invoices should always equal the predetermined balance of the petty cash fund. The petty cash fund should only be reimbursed by county check equal to the amount of the paid invoices. The Recorder of Deeds should maintain a petty cash ledger documenting receipts, disbursements, and the balance of the petty cash fund and retain documentation to support disbursements of the fund.

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

**WE RECOMMEND** the Recorder of Deeds:

- A. Ensure bank reconciliations are performed, account balances are maintained in the check book register, and any differences between the accounting records and reconciliations are investigated and resolved. In addition, the Recorder of Deeds should identify month-end liabilities and reconcile to the bank balance. Further, the Recorder of Deeds should dispose of all unidentified monies as provided by various statutory provisions.
- B. Deposit all copy fees intact, and if a petty cash fund is needed, maintain it on an imprest basis. In addition, the Recorder of Deeds should maintain a petty cash ledger and retain adequate documentation for all petty cash disbursements.

**AUDITEE'S RESPONSE**

*The Recorder of Deeds provided the following written responses:*

- A. *I have reconciled all bank statements to date, and I have implemented an accounting system on my computer so that I can keep more accurate records. Any overage monies will be disbursed to the County Treasurer and not kept in the Recorder of Deed's account.*
- B. *I will in the future, keep \$50 or less for petty cash and deposit the rest. If any purchases are made from petty cash, it will be properly documented.*

<b>9. Election Services Bank Account Controls and Procedures</b>
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Accounting controls and procedures related to the election services bank account maintained by the County Clerk need improvement.

- A. Monthly bank reconciliations are not prepared by the County Clerk, and he does not maintain a running balance in the checkbook register. The County Clerk has custody of the election services bank account which is used to pay for election related disbursements. The bank balance as of December 31, 2008, was \$603. Receipts and disbursements totaled approximately \$1,500 and \$10,600, respectively, during the 2 years ended December 31, 2008. Timely preparation of monthly bank reconciliations and maintaining records of cash balances is necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors.
- B. Two deputy clerks in the County Clerk's office were overpaid a total of \$187 in August 2008, from this account. The County Clerk indicated he paid these clerks from this bank account to provide training to election workers; however, the

additional time worked was not documented on the employees' monthly timesheets, and the clerks indicated the training was provided during their normal working hours. In addition, these payments were not processed through the county's payroll system, subjected to payroll tax withholdings, or reported on the employees' W-2 forms. All additional compensation should be paid through the regular county payroll process, subjected to payroll tax withholdings, and reported on the employee's W-2 form. In addition, if any overtime is worked, it should be recorded on the monthly timesheets.

**WE RECOMMEND** the County Clerk:

- A. Ensure bank reconciliations are performed, account balances are maintained in the check book register, and any differences between the accounting records and reconciliations are investigated and resolved.
- B. Ensure all additional compensation is processed through the county's payroll system and the deputies' W-2 forms are amended. In addition, if any overtime is worked, it should be recorded on the monthly timesheets.

**AUDITEE'S RESPONSE**

*The County Clerk provided the following response:*

*These recommendations will be implemented.*

<b>10. Emergency 911 Board</b>
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Improvement is needed over payroll policies and procedures. In addition, the Emergency 911 Board did not always ensure compliance with the Sunshine Law, has not entered into a written agreement with its depository bank, or properly bonded its employees.

- A. Payroll controls and procedures need improvement.
  - The Emergency 911 Board overtime accrual policy may be in violation of the FLSA. The personnel policy provides for employees (who can not take accumulated overtime hours off) to accrue overtime as paid time off (PTO); however, overtime is not tracked separately from PTO and the maximum PTO allowed to be accrued is 160 hours. Any PTO over 160 hours is lost by the employee. FLSA requires all overtime earned to be paid or taken off at a rate of time and a half and tracked separately from other accrued leave.
  - Payroll tax forms were not filed timely with the IRS. In 2008, the first and second quarter payroll tax forms were filed 5 and 2 months late, respectively. The Internal Revenue Code requires 941 forms be filed with the IRS on a quarterly basis.

- B. The Board's meeting minutes did not provide sufficient details to show how some issues discussed and votes taken in closed meetings were allowable under the Sunshine Law. For example, during the March 14, 2007, closed session meeting, the Board discussed employee compensation. In addition, the open meeting minutes did not always document the reasons for closing the meeting.

The Sunshine Law, Chapter 610, RSMo, states the specific reasons governmental bodies are allowed to close a public meeting. Issues not specifically allowed by the Sunshine Law should not be discussed in closed session. In addition, the Sunshine Law states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open meeting.

- C. The Emergency 911 Board does not have a written agreement with its current depository bank. A depository agreement is necessary to ensure both the bank and the Board understand and comply with the agreement. The agreement may include the cost of bank services and safe deposit boxes, interest charges for borrowed funds, interest to be paid on investments, and collateral securities required to be pledged by the bank.
- D. Emergency 911 employees who handle monies were not covered by an employee bond. Proper bonding of all persons with access to monies would better protect the Emergency 911 Board from risk of loss.

Conditions similar to A and C were noted in our prior report.

**WE RECOMMEND** the Emergency 911 Board:

- A. Ensure overtime is accrued in accordance with the FLSA. In addition, the Board should ensure payroll tax forms are filed on a timely basis.
- B. Ensure full compliance with statutory provisions regarding closed meetings.
- C. Enter into a depository agreement with its bank.
- D. Obtain adequate bond coverage for all employees with access to monies.

### **AUDITEE'S RESPONSE**

*The Emergency 911 Board and Director provided the following written responses:*

- A. *The policy in question, SOP 43, was revised on August 19, 2009 and deleted the "Pay-Option Form" reference. Employees are no longer able to add overtime hours to their PTO bank. All overtime will be paid out as it is earned. Every effort will be made to ensure that forms are filed on a timely basis and checked for irregularities.*

- B. *Current Sunshine Law booklets will be made available to board members. Greater care will be exercised to ensure that proper details are included in future minutes. We will comply with all provisions of the Sunshine Law.*
- C. *We have obtained sample depository agreements and have advertised that we will be accepting bids from financial institutions until September 30, 2009. We anticipate voting on these bids during our October 2009, board meeting.*
- D. *We have requested that a \$20,000 public employee blanket bond and faithful performance endorsement be added to our current insurance policy.*

ORGANIZATION AND  
STATISTICAL INFORMATION

DADE COUNTY  
ORGANIZATION AND STATISTICAL INFORMATION

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

Dade 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 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 townships and special road districts maintain county roads.

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

Officeholder	2009	2008
<b>County-Paid Officials:</b>		
Carl E. Beerly, Presiding Commissioner	\$	25,760
William G. Marshall, Associate Commissioner		23,760
Calvin E. Stump, Associate Commissioner		23,760
Carolyn Kile, Recorder of Deeds		36,000
Larry W. McGuire, County Clerk		36,000
Randee Stemmons, Prosecuting Attorney (1)		43,000
Steven Stapp, Sheriff		40,000
Rod O'Conner, County Collector-Treasurer, year ended March 31,	36,000	
Mark A. White, County Coroner		10,000
Judy McGuire, Public Administrator		20,000
Patty Maxwell, County Assessor (2), year ended August 31,		36,688
Michael Hunt, County Surveyor (3),		N/A

(1) Randee Stemmons resigned on December 31, 2008. Gary Troxell was appointed on December 30, 2008, and no compensation was received.

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

(3) Compensation on a fee basis.

**State-Paid Officials:**

Brenda Adams, Circuit Clerk	52,668
David Munton, Associate Circuit Judge	107,641