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Missouri State Auditor

Moniteau County

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Missouri State Auditor
Susan Montee, JD, CPA

November 2009

The following findings were included in our audit report on Moniteau County.

The poor financial condition of the General Revenue (GR) Fund which was noted in prior audit reports has continued to deteriorate. In addition, the county continues to fund general operations with Capital Improvement (CI) Fund monies and has not developed a long-term plan regarding the allocation of CI fund receipts. The Special Road and Bridge (SRB) Fund is also in poor financial condition. The 2009 GR Fund budget projects a \$3,840 cash balance at December 31, 2009, after transfers totaling \$207,500 from the CI Fund; and the SRB Fund budget projects a \$24,289 cash balance at December 31, 2009.

The county does not have effective monitoring procedures regarding vehicle and equipment use. A reconciliation of fuel statements to records of fuel used or a comparison to mileage use is not performed. In addition, formal policies and procedures have not been adopted for hauling waste rock and providing various other services on private property with road and bridge equipment.

The Senate Bill 40 (SB40) Board does not provide adequate oversight of the accounting functions performed for the SB40 Board Fund. The Board relies on the Executive Director to perform all accounting functions, without providing adequate oversight of the accounting functions and records. Prior to 2009, the Board relied on one not-for-profit corporation (NFP) to perform all functions of the SB40 Board without adequately monitoring disbursements made to the NFP. In addition, the Board has not established formal policies and procedures for capital assets, and improvements to meeting minutes are needed.

The Prosecuting Attorney has not implemented recommendations from previous audits related to accounting for bad checks, providing adequate oversight of accounting functions and records, and depositing receipts timely.

Other findings in the audit report relate to capital assets and accounting controls and procedures in the offices of the County Treasurer and the Circuit Clerk and Ex Officio Recorder of Deeds.

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YELLOW SHEET

MONITEAU COUNTY

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STATE AUDITOR'S REPORT



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Moniteau County

We have audited certain operations of Moniteau County in fulfillment of our responsibilities under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, has been engaged to audit the financial statements of Moniteau 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 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 Moniteau County.



Susan Montee, JD, CPA
State Auditor

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

MONITEAU COUNTY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Financial Condition
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The poor financial condition of the General Revenue (GR) Fund which was noted in prior audit reports has continued to deteriorate. In addition, the county continues to fund general operations with Capital Improvement (CI) Fund monies and has not developed a long-term plan regarding the allocation of CI fund receipts. The Special Road and Bridge (SRB) Fund is also in poor financial condition.

The following table reflects the ending cash balances of the GR and SRB Funds over the last five years, as reported in the budget documents:

	Ending Cash Balance, Year Ended December 31,				
	2008	2007	2006	2005	2004
General					
Revenue Fund	\$ 17,354	15,963	26,583	104,074	69,740
Special Road and Bridge Fund	136,461	218,372	395,157	305,286	283,990

The 2009 GR Fund budget projects a \$3,840 cash balance at December 31, 2009, after transfers totaling \$207,500 from the CI Fund; and the SRB Fund budget projects a \$24,289 cash balance at December 31, 2009. Budgeted and actual disbursements for these funds have exceeded budgeted and actual receipts in 3 of the 5 years.

The financial condition of the GR Fund would be worse if it had not received transfers from the CI Fund and county operating expenses had not been paid by the CI Fund. Transfers from the CI Fund to the GR Fund totaled \$210,550 and \$30,000 during the years ended December 31, 2008 and 2007, respectively. Moniteau County voters authorized a 1/2 cent sales tax levy in 2002 for maintaining and improving county roads and bridges, the courthouse, and the county jail; for bridge replacements; and for maintaining law enforcement and other essential services of county government. These sales tax receipts are deposited in the CI Fund. The CI Fund balance increased each year since its implementation in 2003, but declined to approximately \$1.4 million at December 31, 2008 (from approximately \$1.5 million at December 31, 2007) as a result of decreased sales tax receipts and increased spending and transfers. The county continues to increase the amount of CI Fund monies used to offset GR Fund costs each year, but has not developed a long-term plan documenting the allocation of sales tax receipts to capital improvement projects versus "law enforcement and other essential services of county government," as recommended in our prior audit.

Some restricted special revenue funds administered by elected officials have accumulated balances significantly in excess of historical actual disbursements. In 2008 and 2007, the

county transferred \$10,000 and \$35,000, respectively, from the Prosecuting Attorney Bad Check Fund to the GR Fund to partially reimburse office expenses. Consideration should be given to working with other officials to use special revenue fund monies to fund the respective office's expenses, within the restrictions set forth by state law, which are currently funded by the GR Fund. An administrative service fee transfer has not been made from the SRB Fund to the GR Fund since 2001. Section 50.515, RSMo, allows the county to impose a fee to generate reimbursement sufficient to recoup actual disbursements made from the GR Fund for the administrative services to the fund, that shall not exceed 5 percent of the SRB Fund budget. However, given the weak financial condition of the SRB Fund, the county should carefully consider the impact of such a transfer.

The County Commission indicated it is aware of the concern and is monitoring the county's financial condition through preparation and review of monthly budget reports, and evaluating ways to reduce disbursements. In addition, the County Commission has continued to postpone the planned jail expansion due to insufficient funds available in the CI Fund, the county's poor financial condition, and the continued decline in sales tax receipts. To improve the financial condition of the GR and SRB Funds, the County Commission should review disbursements and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize all sources of receipts. In addition, the County Commission should develop a long-term plan for the use of the receipts generated by the sales tax levy.

WE AGAIN RECOMMEND the County Commission closely monitor the county's financial condition and take the necessary steps to improve the financial condition of the General Revenue and Special Road and Bridge Funds by performing long-term planning, reviewing disbursements and reducing discretionary spending where practical, and maximizing all sources of receipts.

AUDITEE'S RESPONSE

The County Commission provided the following written response:

The Moniteau County Commission reviews monthly reports of all revenues and expenditures from all funds and will continue to monitor the county's financial condition. The Commission will, where practical, reduce discretionary spending and maximize all sources of revenues available to the county.

2. Vehicle and Equipment Policies and Procedures

Procedures and records to monitor vehicle and equipment fuel use are not adequate, and formal policies and procedures have not been adopted for hauling waste rock and providing various other services on private property with road and bridge equipment.

- A. The county does not have effective monitoring procedures regarding vehicle and equipment use. During 2008, approximately \$28,000 and \$180,000 was spent on fuel for the Sheriff's 7 vehicles and for the road and bridge department's 13 vehicles and various equipment, respectively.

Maintenance logs for road and bridge department vehicles and equipment document maintenance and fuel purchases; however, the logs do not document mileage use and are not reviewed and reconciled to fuel vendor billings. Daily activity reports maintained for the Sheriff's department vehicles document mileage use, but not fuel or maintenance purchases and are not utilized to monitor the appropriateness of related fuel expenditures. In addition, the road and bridge department maintains logs of fuel dispensed into equipment from a fuel tank, but does not maintain an inventory record which could be reconciled to fuel vendor billings.

Monthly fuel statements are reviewed by the County Commission, Sheriff, and County Clerk for reasonableness prior to payment. However, a reconciliation of the statements to records of fuel used or a comparison to mileage use is not performed.

Maintenance and review of vehicle and equipment mileage/use and maintenance logs and bulk fuel inventory records, and comparison of log information and inventory records to fuel and maintenance purchases, are necessary to ensure vehicles and equipment are properly utilized, prevent paying vendors for improper billing amounts, and decrease the risk of theft or misuse of fuel or other maintenance items occurring without detection. Vehicle and equipment logs typically include the date; driver or operator; purpose and destination of each trip; daily beginning and ending odometer or hour meter readings for vehicles and equipment; and fuel purchased and maintenance services performed.

- B. Formal policies and procedures have not been adopted for hauling waste rock and providing various other services on private property with road and bridge equipment, and the county has not ensured reimbursement is received for the cost of providing these services.

When a bridge project generates waste rock, the county hauls the rock to individuals at a cost of \$30 (\$20 prior to 2009) per load. The County Commission maintains waiting lists of individuals wanting to purchase the waste rock, and these individuals are contacted when the rock becomes available. The individuals are billed upon delivery of the rock and payment is submitted to the County Treasurer. According to county records, the county collected \$2,800 and \$20 for waste rock during the years ended December 31, 2008 and 2007, respectively.

In addition, other services such as dozing and installing culverts are provided to individuals. The county charges \$40 per hour for dozing and culverts are installed for the cost of the culvert. The County Commission indicated the road and bridge

department periodically provides these services to property owners near road and bridge projects, and the services are primarily provided when the services are advantageous to the project (e.g., preventing future problems with the road or bridge). The County Commission indicated no services were provided to individuals during the 2 years ended December 31, 2008.

The County Commission should develop formal written policies to document the procedures applicable to these services, including the services to be provided, charges for those services, and procedures for determining who will receive the services, and requiring maintenance of a record of all services provided. Failure to adopt formal policies and procedures could result in lost revenues to the county and inequitable treatment of county citizens.

WE RECOMMEND the County Commission:

- A. Require vehicle and equipment mileage/use logs and bulk fuel inventory records be maintained, periodically reviewed, and reconciled to vendor statements prior to payment.
- B. Develop formal policies and procedures for providing services on private property. A complete record of all services provided and reimbursement received should be maintained.

AUDITEE'S RESPONSE

The County Commission provided the following written responses:

- A. *We believe the county's records and review procedures are sufficient to monitor vehicles and equipment. Fuel logs are kept on road and bridge vehicles and equipment. All fuel taken out of the tank at the shop is logged in a fuel log book stating the amount of gallons, date, and vehicle number or equipment number.*
- B. *Citizens who desire dozing of right of ways, or desire to have entrance pipes installed may do so at their own expense. Suitability of drainage, road base, or other design or construction features shall be evaluated on a case by case basis to determine what part of requirements are met with the existing condition.*

Waste rock which is accumulated from time to time will be offered at a price set by the Commission on a case by case basis subject to availability.

3. Capital Assets

Procedures and records to account for county property are not adequate. The County Clerk maintains inventory lists of capital assets held by county officials. It is each official's responsibility to perform annual physical inventories and provide updated

inventory reports to the County Clerk. However, except for the County Clerk, County Treasurer, and Road and Bridge Department, county officials do not perform physical inventories and update their inventory reports annually. The County Clerk has not routinely requested inventory reports from county officials. In addition, the County Clerk has no procedures to identify property purchases and dispositions throughout the year. As a result, the county's capital asset records are not complete and up to date.

Adequate capital asset records and monitoring procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. These records should be updated for any property additions or dispositions as they occur. Section 49.093, RSMo, requires that counties account for personal property costing \$1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in the capital asset records. 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.

Similar conditions were noted in our two prior audit reports.

WE AGAIN RECOMMEND the County Commission and the County Clerk work with other county officials to ensure annual physical inventories are conducted and a procedure is implemented for tracking capital asset purchases throughout the year.

AUDITEE'S RESPONSE

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

The County Commission and the County Clerk are fulfilling our statutory responsibilities for capital assets. The inventory updates are the responsibilities of the county officials. As stated in Section 49.093, RSMo, county officers or their designee shall annually on or before the tenth of October, inventory all office equipment and machines and other personal property belonging to the county. Officers or designees shall note any additions or deletions from the prior year. When the County Clerk receives the inventory reports from the county officers or their designees, she updates the county's master listing of county property.

AUDITOR'S COMMENT

Although the County Commission and the County Clerk may be performing their statutory duties related to capital assets, an up-to-date list of all county property is not maintained. Maintaining current inventory records and conducting periodic inventories are necessary to detect theft or misuse of property and to ensure county property is accounted for properly.

4.**Senate Bill 40 Board's Accounting Procedures and Minutes**

The Senate Bill 40 (SB40) Board does not provide adequate oversight of the accounting functions performed for the SB40 Board Fund and did not adequately monitor disbursements made to a not-for-profit corporation (NFP). Procedures and records to account for board property are not adequate and procedures related to board meeting minutes are not adequate and did not always comply with state law.

A. The Board does not provide adequate oversight of the accounting functions performed for the SB40 Board Fund and did not adequately monitor disbursements made to an NFP. Prior to 2009, the accounting functions were performed by the NFP which also provided various contractual services to the handicapped and/or developmentally disabled residents of Moniteau County. The Board terminated the contract with the NFP, and in January 2009, hired an Executive Director, an Office Manager, and some former NFP staff to operate the residential, day activity, and transportation programs previously operated by the NFP. The Executive Director, the Office Manager, and an external CPA firm currently perform the accounting functions for the SB40 Board Fund.

- 1) The Board relies on the Executive Director to perform all accounting functions, without providing adequate oversight of the accounting functions and records. Although the Board is provided a monthly report listing disbursements by the Executive Director, the Board does not approve the disbursements. In addition, invoices and documentation supporting disbursements are not reviewed by board members other than the Board Treasurer, who usually signs the checks. Also, bank reconciliations, bank statements, and canceled checks are not reviewed by the Board.
- 2) Prior to 2009, the Board relied on one NFP to perform all functions of the SB40 Board without adequately monitoring disbursements made to the NFP. The Board paid the NFP approximately \$178,100 and \$162,500 during the years ended December 31, 2008 and 2007, respectively, which represented all SB40 Board Fund disbursements, except the costs associated with the construction of a new day activity center. Employees of the NFP also served as executive director and accounting staff for the SB40 Board. Compensation for their services was paid to the NFP as a part of the monthly contract payments. The NFP performed all accounting functions for the Board including preparing checks, and most checks were paid to the order of the NFP.

The NFP submitted a monthly financial report for the SB40 Board Fund; however, similar to current procedures, supporting documentation, such as bank statements, bank reconciliations, invoices, and canceled checks were not reviewed by the Board.

In addition, invoices supporting most payments to the NFP were not sufficiently detailed. Monthly invoices for residential, day activity, and transportation services listed the total due by type of service provided, but did not contain specific detail regarding who was provided the services, the dates services were provided, rates paid, or other information that could be reviewed to ensure the services provided were reasonable. Also, the contract with the NFP did not require the NFP to report the number of Moniteau County clients served. As a result, there is no evidence the Board performed sufficient procedures to ensure it received adequate services for consideration paid.

A similar condition was noted in our prior audit.

Without adequate monitoring, the Board cannot ensure the reasonableness and propriety of disbursements or compliance with contract terms and statutory provisions. To safeguard against possible loss or misuse of funds, the Board should approve all disbursements and review supporting documentation, bank information, and canceled checks. Board approval of disbursements should be documented in the minutes, and by signature or initials on the monthly reports. Also, to ensure the validity and propriety of disbursements, adequate supporting documentation should be obtained for all payments to vendors, and contracts should be sufficiently detailed to allow the Board a basis for adequately monitoring the services received and determining whether the amount paid was reasonable.

- B. The Board has not established formal policies and procedures for capital assets, including procedures to perform physical inventories of assets, prepare property records, assign property numbers, and tag or otherwise identify property items. In addition, the contracts with the NFP did not address the ownership of any assets purchased with funding provided by the Board. Upon the termination of the contract with the NFP, the Board purchased assets totaling approximately \$28,000, including five vehicles, computers, software, and a phone system. As of July 2009, the Board had not tagged or otherwise accounted for this property or other property purchased.

Adequate capital asset records and monitoring procedures are necessary to provide internal controls over property, establish ownership, and provide a basis for determining proper insurance coverage. The comparison of periodic inventories to overall capital asset records could potentially identify unrecorded additions and dispositions, and deter and detect theft of assets. Procedures to promptly identify, tag, and insure new capital assets are necessary to properly protect assets.

- C. Board meeting minutes are prepared by the Board Secretary, but are not signed. In addition, meeting 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 always documented.

The meeting minutes should be signed by the Board Secretary 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 meetings. The Sunshine Law, Chapter 610, RSMo, requires governmental bodies to prepare and maintain minutes of open and closed meetings, and specifies details that must be recorded. Minutes are required to include, but not be limited to, the date, time, place, members present, members absent, and a record of votes taken. In addition, the minutes should provide details regarding discussions that take place during meetings. Complete and accurate minutes are necessary to retain a record of the business conducted and actions taken by the Board.

- D. Procedures related to documenting closed meetings need improvement to ensure compliance with statutory provisions. Reasons for closing meetings and the corresponding vote to close the meeting are not always documented. In addition, closed meeting minutes do not provide sufficient details regarding discussions and decisions made, and votes or final actions, if any, taken by the Board during closed meetings are not always documented. In addition, minutes were not available for some closed meetings.

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 in an open meeting and requires minutes be kept for all closed meetings. In addition, the Sunshine Law provides that public governmental bodies shall not discuss any 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.

WE RECOMMEND the Senate Bill 40 Board:

- A. Review and approve all disbursements and review supporting documentation, bank information, and canceled checks. The Board should ensure approval of disbursements is documented in the minutes and on the monthly report. In addition, the Board should ensure adequate supporting documentation is obtained for all payments to vendors and contracts are sufficiently detailed.
- B. Maintain adequate capital asset records, implement monitoring procedures over property, and ensure any future contracts establish the Board's ownership of the assets.

- C. Ensure the meeting minutes are signed by the Board Secretary upon preparation and the Board President or other board member, and a record of votes taken is documented.
- D. Ensure minutes document the vote to close a meeting, state the reasons for going into closed meetings, and publicly disclose the final disposition of applicable matters discussed in closed meetings. In addition, minutes should be maintained to support all closed meetings.

AUDITEE'S RESPONSE

The Senate Bill 40 Board provided the following written responses:

- A. *The Moniteau County SB40 Board is a voluntary board. The Board has the Executive Director/CEO authority policy in place for such job duties as stated in the recommendation. There are several disbursements made monthly, approximately 65 at the minimum. The information is made available to the Board to review monthly; and the reconciliation of the bank statements is now done separately by the Board Treasurer as well as the Office Manager and external CPA firm monthly. A list of expenses as well as deposits will be given to the board members prior to the board meeting for disbursement approval and this approval will be documented. The invoices will be initialed by the board member signing the check. The Board was aware of the number of individuals that were being served. The detailed information stated in your audit report was requested by the Board several times. This was one of the many factors why the NFP contract was not renewed.*
- B. *The Moniteau County SB40 Board has intentions to complete a business property inventory. The Executive Director and Office Manager have been searching for a tool to implement this.*
- C. *The recommendation to have the Board Secretary sign the minutes is a good one and will be requested to be implemented at the next board meeting on September 22, 2009. The recommendation will be implemented by the Board.*
- D. *Historically, the minutes were kept in various locations as the Board did not have a publically available space to maintain and store minutes. With the construction of the Learning and Vocational Center and the Board overseeing services, the Board now has a central location for minutes to be stored and available for public viewing. On October 27, 2009, a representative from the Attorney General's Office has been invited to speak at the board meeting to discuss the Sunshine Law. At the August board meeting, each board member was given a current copy of the Sunshine Law to review. During the September board meeting, the Executive Director is going to ask the board members to send her any questions they may have regarding the Sunshine Law. The Executive Director is going to compile the questions and send to the representative prior to the meeting so that he can gather the necessary information to assist in answering the questions.*

5.**County Treasurer's Accounting Controls and Procedures**

The County Treasurer does not prepare formal bank reconciliations. The County Treasurer indicated he prepares a monthly list of outstanding checks and informally reconciles the bank balances to monthly settlements; however, the reconciliation is not documented. Our review of the County Treasurer's outstanding check list, bank statements, and annual settlement as of December 31, 2008, noted the book balance exceeded the total reconciled bank account balance by \$1,391. The County Treasurer indicated he has investigated this difference which has existed since he began using a computerized system in 2005, but he was unable to resolve the difference. Formally documented bank reconciliations are necessary to ensure all monies have been recorded and accounted for properly. Any differences identified through the reconciliation process should be resolved in a timely manner.

WE RECOMMEND the County Treasurer formally document monthly bank reconciliations. Any differences should be investigated and resolved in a timely manner.

AUDITEE'S RESPONSE

The County Treasurer provided the following response:

This recommendation will be implemented.

6.**Prosecuting Attorney's Accounting Controls and Procedures**

Bad checks are not accounted for adequately, the Prosecuting Attorney does not provide adequate oversight of accounting functions and records, and receipts are not deposited timely. Although previous audits have noted similar conditions, the Prosecuting Attorney has not implemented our recommendations. The Prosecuting Attorney's office primarily collects fees and restitution on bad checks and court-ordered restitution. Receipts totaled approximately \$38,900 and \$65,200 during the years ended December 31, 2008 and 2007, respectively.

- A. An adequate system to account for all bad checks received by the Prosecuting Attorney's office, as well as the subsequent disposition, has not been established. Currently, merchants complete an unnumbered complaint form when the bad check is turned over to the Prosecuting Attorney for collection. No identifying or tracking numbers are assigned to the complaint forms or bad checks, and the bad check complaints are not recorded in a log or maintained in a manner that allows all bad check complaint forms and bad checks to be accounted for properly.

The Prosecuting Attorney files criminal charges for all bad checks received, and dismisses those charges when payment is received. However, procedures have

not been established to ensure charges were filed for each bad check received and dismissals are supported by payment of bad check fees and restitution.

To ensure all bad checks turned over to the Prosecuting Attorney are accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received. This number should be recorded in a log used to track the status and disposition of the corresponding bad check. The log should contain information such as the assigned number, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including date payment was received and transmitted, and the criminal case in which charges were filed or other disposition.

- B. Adequate oversight of accounting functions and records is not provided by the Prosecuting Attorney. One individual is responsible for receipting and recording monies; and another is responsible for depositing monies, preparing and signing checks, and preparing bank reconciliations. The Prosecuting Attorney estimated he reviews approximately one-third of the bank reconciliations.

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. If proper segregation of duties cannot be achieved, at a minimum, the Prosecuting Attorney should compare bank deposits with recorded receipts and review the bank reconciliations. Proper supervision by the Prosecuting Attorney and documented reviews help ensure financial records are properly maintained and errors are detected on a timely basis.

- C. Receipts are not deposited on a timely basis. Only money orders and cashier's checks are accepted. Monies are normally collected each business day, but deposits are only made two times per month, on average. Our cash count of bad check fees and restitution conducted on April 23, 2009, showed monies on hand totaling \$2,045, comprised of receipts collected from April 9 through April 23, 2009. These monies were not deposited until May 6, 2009. In addition, a test of 10 bad check cases noted deposits were made from 4 to 36 working days after receipt. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all receipts should be deposited intact on a timely basis.

WE AGAIN RECOMMEND the Prosecuting Attorney:

- A. Develop procedures and records to provide sufficient information to track the disposition of all bad check complaints.
- B. Provide adequate oversight of the accounting functions performed by employees and ensure periodic supervisory reviews are documented.
- C. Deposit receipts intact on a timely basis.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *We plan to establish a log or system to track bad check complaints.*
- B. *We will implement this recommendation in conjunction with recommendation A.*
- C. *We will work on making deposits more timely.*

7. Circuit Clerk and Ex Officio Recorder of Deeds' Controls and Procedures

The Circuit Clerk and Ex Officio Recorder of Deeds' controls and procedures related to accrued costs and receipts need improvement. The Circuit Clerk's office processed monies for civil and criminal fees, fines, and bonds totaling approximately \$85,900 and \$100,800 for the years ended December 31, 2008 and 2007, respectively. In 2008, the office also received approximately \$1.1 million from the Missouri Department of Transportation for the purchase of right-of-ways for a road construction project and disbursed these monies to the various landowners. The Ex Officio Recorder of Deeds' office received monies for copies and recording marriage licenses, Uniform Commercial Code financing statement filings, deeds, tax liens, and other commercial paper totaling approximately \$113,700 and \$121,400 for the years ended December 31, 2008 and 2007, respectively.

- A. The Circuit Clerk does not actively monitor or pursue collection of accrued costs owed to the court. A list of accrued costs is maintained in the court's computer system; however, the Circuit Clerk does not periodically review the system for amounts due to the court. Upon our request, the Circuit Clerk ran a summary report of accrued costs which totaled approximately \$1.5 million as of April 29, 2009. Nearly \$791,000 (53 percent) was 60 or more days outstanding including over \$467,000 for jail board bills and over \$218,000 for restitution. The Circuit Clerk ensures payment plans are established; however, follow up procedures are limited to only those individuals on probation. In addition, the Circuit Court has not taken advantage of the debt collection program established by the Office of State Courts Administrator (OSCA) for collection of monies owed to the court.

The Circuit Clerk should establish procedures to periodically review the amounts due to the court and take appropriate steps to ensure amounts owed are collected or determine if amounts are uncollectible. Improved collection procedures and monitoring of accrued costs could result in additional receipts due to the state, county, and others.

- B. Circuit Clerk receipts were not always deposited intact or in a timely manner. According to the former Circuit Clerk, deposits were made when receipts totaled approximately \$1,000. A review of deposits for the months of April 2007, March

2008, October 2008, and December 2008, indicated deposits were made an average of 3 1/2 times per month, and averaged \$1,876. In addition, monies received for Circuit Clerk and Ex Officio Recorder of Deeds' copy fees were held and used for petty cash disbursements; and as a result, the petty cash fund was not maintained on an imprest basis.

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

- C. The numerical sequences of receipt numbers assigned by the Circuit Clerk and the Ex Officio Recorder of Deeds' computer systems are not accounted for properly. The systems generate prenumbered receipt slips each time a payment is entered; however, no review is performed to account for the numerical sequences of these receipt slips. The numerical sequences of receipt slips should be reviewed to ensure all receipts are accounted for properly.
- D. Ex Officio Recorder of Deeds receipts are not posted to the computer system when received. Rather than entering receipts throughout the day as monies are received, the monies are held and entered the next day. A list of monies received throughout the day is not maintained and manual receipt slips are only issued when the customer requests a receipt slip upon payment. In addition, manual receipt slips are not reconciled to the computer system. As a result, there is no procedure to ensure all monies received are properly entered into the computer system and subsequently deposited. The former Ex Officio Recorder of Deeds indicated office personnel are too busy to issue receipt slips when monies are received.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipt slips should be issued when monies are received. If manual receipt slips are necessary, procedures should be established to account for manual receipt slips and verify the receipts have been recorded in the computer system and deposited.

WE RECOMMEND the Circuit Clerk and Ex Officio Recorder of Deeds:

- A. Establish procedures to monitor accrued costs and take appropriate steps to ensure amounts owed are collected, including participating in the state's debt collection program.
- B. Deposit all monies intact on a timely basis, and ensure the petty cash fund is maintained at a constant amount.
- C. Ensure the numerical sequences of receipt slips are accounted for properly.

- D. Ensure receipt slips are issued immediately for all monies received.

AUDITEE'S RESPONSE

The new Circuit Clerk and Ex Officio Recorder of Deeds provided the following written responses:

- A. *A large portion of our \$1.5 million accrued costs is three criminal cases in which the defendant was ordered to pay restitution. Of the three cases, two were for amounts of \$350,000 (\$700,000 total) and one was for \$112,000. Additionally, the \$467,000 in board bills stated in your findings contain a large portion of defendants who are sentenced to the Department of Corrections (DOC). We do not anticipate collection or pursuing collection of those amounts until the defendant is released from the DOC. The courts are participating in tax offset and after consideration of your suggestion of debt collection, have agreed to participate in that program as well.*
- B. *Since your findings, deposits have been made more frequently; and when the court consolidates in January 2010, deposits will be made on a daily basis. Since I took office, we no longer have a petty cash fund. The office is only using a change drawer to make change for those who make a payment or for those who purchase copies of documents and is not purchasing items out of the change drawer.*
- C. *I am working with an OSCA Certified Public Accountant to assist me in accounting for all receipts (including voided) and doing this once a month as well. In addition, we will establish procedures for the Recorder of Deeds to track the numerical sequence of receipt slips and maintain voided receipt slips in the account book.*
- D. *We are entering all money the day of receipt, and monies received for copies associated and not associated to a case will be entered into a log book requiring the recipient to initial. That money will be receipted in monthly and stored in a cash box until that date.*

ORGANIZATION AND STATISTICAL INFORMATION

MONITEAU COUNTY
ORGANIZATION AND STATISTICAL INFORMATION

Moniteau County is a county-organized, third-class county and is part of the Twenty-Sixth Judicial Circuit. The county seat is California.

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

Officeholder	2009	2008
County-Paid Officials:		
Kenneth Kunze, Presiding Commissioner	\$	29,699
Kim F. Roll, Associate Commissioner		27,608
Tony Barry, Associate Commissioner		27,608
Anita Groepper, County Clerk (1)		45,532
John T. Kay, Prosecuting Attorney (2)		109,573
Jay Gump, Sheriff		46,013
Harold Haldiman, County Treasurer		41,416
Loyd Fulks, County Coroner		12,549
Cher King Caudel, Public Administrator		26,144
Carlene E. Petree, County Collector (1), year ended February 28,	45,532	
Darrel L. King, County Assessor (3), year ended August 31,		42,381
Ron Kliethermes, County Surveyor (4)		

- (1) Includes \$3,702 of commissions earned for collecting city property taxes.
- (2) Includes \$1,800 annual compensation received from the 911 Board.
- (3) Includes \$688 annual compensation received from the state.
- (4) Compensation on a fee basis.

State-Paid Officials:

J. David Haldiman, Circuit Clerk and Ex Officio Recorder of Deeds	52,668
Peggy Richardson, Associate Circuit Judge	107,641