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Missouri State Auditor

Gentry County



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Missouri State Auditor
Susan Montee, JD, CPA

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

Administrative service fee transfers from the Special Road and Bridge (SRB) Fund to the General Revenue Fund were excessive. While the actual transfers made equaled 5 percent of SRB Fund budgeted disbursements, they exceeded 5 percent of the actual disbursements by approximately \$40,000 for the 3 years ended December 31, 2007.

Several problems were identified with the County Commission's handling of closed session meetings. The specific reason for closing a meeting is not always documented in open minutes, and minutes for some closed sessions were not taken or were not maintained. In addition, the County Commission did not document how some topics discussed in closed meetings complied with the Sunshine Law, and the final disposition of matters discussed and voted on in closed session was not always properly disclosed in open session.

Procedures and records to account for capital assets are not adequate. Physical inventories are not performed annually. Records and monitoring procedures for county vehicles and fuel are not sufficient.

The Prosecuting Attorney frequently reduces charges on traffic tickets by requiring the defendants to make a "donation" of up to \$300 to the Gentry County Law Enforcement Restitution (GCLER) Fund as a condition of reducing the charges. Per a review of cases where defendants were required to make a donation to the GCLER Fund, we identified numerous cases of speeding, which are specifically excluded as violations where a donation can be required. Additionally, improvements are needed in the system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of these complaints. Money orders received for repayment of bad checks are not deposited but forwarded directly to the victim and documentation is not obtained from the victim to ensure payments are received.

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YELLOW SHEET

GENTRY COUNTY

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STATE AUDITOR'S REPORT



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Gentry County

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

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

The accompanying Management Advisory Report presents our findings arising from our audit of Gentry 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:	Todd M. Schuler, CPA
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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

GENTRY COUNTY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Administrative Service Fee Transfers

Administrative service fee transfers from the Special Road and Bridge Fund (SRB) to the General Revenue Fund (GR) were excessive. During the years ended December 31, 2007, 2006, and 2005 the county budgeted and made administrative service fee transfers of \$49,375, \$47,963, and \$48,000, respectively, from the SRB Fund to the GR Fund.

Section 50.515, RSMo, allows the county to impose an administrative service fee on the SRB Fund. The administrative service fee shall be imposed only to generate reimbursement sufficient to recoup actual disbursements made from the GR Fund for related administrative services to the SRB Fund, and shall not exceed 5 percent of the SRB Fund budget.

Although the administrative service fee transfers were equal to 5 percent of SRB Fund budgeted disbursements, the transfers exceeded 5 percent of actual disbursements for the 3 years ended December 31, 2007, by a total of \$40,042. This situation resulted from unreasonable budget estimates for the SRB Fund. Budgeted disbursements of the SRB Fund exceeded actual disbursements by more than \$700,000 during the 3 years.

WE RECOMMEND the County Commission should consider developing a repayment plan for the amount due from the GR Fund to the SRB Fund for the excessive administrative service fees. The County Commission should also ensure future administrative service fee transfers do not exceed the statutory allowance.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The 2008 actual administrative transfer was based on actual expense not budgeted. We will establish a repayment plan by January 1, 2010.

2. Commission Minutes

Problems were found with the County Commission's handling of numerous closed session meetings.

- Open meeting minutes typically indicate the meeting is being closed; however, the specific reason for closing the meeting is not always documented in open minutes.
- Minutes for some closed sessions were not taken or were not maintained.

- The County Commission did not document how some topics discussed in closed meetings complied with the Sunshine Law. The County Commission discussed county employees' work schedules, salary increases, budgets, domestic dispute policies, and conflict of interest concerns related to the Sheriff's Department, and other county policies in closed session.
- The final disposition of matters discussed and voted on in closed session was not always properly disclosed in open session. The County Commission approved a final settlement in the amount \$81,000 to be paid by the insurance company from litigation involving the county; however, the amount paid was not indicated when the settlement was disclosed.

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; states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session; provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote; requires sufficient documentation of discussions held in closed meetings to demonstrate compliance with statutory provisions, and support important decisions made; and requires certain votes taken in closed session to be disclosed in open session.

WE RECOMMEND the County Commission ensure the handling of closed session meetings are conducted in accordance with state law.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We have tried to improve our handling of closed sessions and recently had a training session with the Attorney General's Office regarding sunshine law compliance.

3. County Property Records and Procedures
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Procedures and records to account for capital assets are not adequate and records of vehicle and fuel use are not maintained or are not reviewed.

- A. Physical inventories of county capital assets are not performed annually. The County Commission designated the County Clerk responsible for maintaining overall county property records; while each county department is responsible for performing annual physical inventories and submitting lists of assets in their custody to the County Clerk. The County Clerk did not provide lists of assets to the elected officials from 2005 to 2007 as required and thus, the overall capital assets list was not updated and physical inventories were not performed during that time. While the County Clerk requested that each official prepare a list of

county property in April 2008 and indicates they were received from each official, some of these reports were not maintained by the County Clerk. It is unclear whether the overall asset list maintained by the County Clerk was updated properly. In addition, property tags are only issued upon request and, as a result, tags identifying property items may not be assigned and affixed to all county property.

Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining adequate insurance coverage on county property. Physical inventories of county property are necessary to ensure the capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. In addition, Section 49.093, RSMo, provides that the officer or their designee of each county department is responsible for performing periodic inspections and inventories of county property used by their department and for submitting an inventory report to the County Clerk.

B. Records and monitoring procedures for county vehicles and fuel are not sufficient. During the 2 years ended December 31, 2007, the county paid approximately \$55,600 for fuel.

- 1) Mileage/usage logs are not maintained for road and bridge vehicles. In addition, although the Sheriff's Department does maintain mileage/usage logs, such information is not reconciled to fuel purchases. As a result, fuel use cannot be reviewed for reasonableness and cannot be reconciled to invoices received and paid by the County Clerk's office.
- 2) Records of fuel use for the Sheriff's Department and road and bridge vehicles and equipment are not maintained. The county has a bulk tank used for diesel vehicles and charge cards are used at local stations for the purchase of gasoline. An inventory record of the bulk diesel fuel showing purchases, use, and fuel on hand is not maintained. The county has no procedures to account for all the diesel fuel usage when re-ordering to ensure all diesel fuel was used appropriately. Gasoline fuel tickets are turned in by the Sheriff Department and Road and Bridge Department, but are not compared to the fuel bill from the local vendors prior to approval for payment, nor are they compared to the usage logs, as discussed above.

Mileage/usage logs are necessary to document appropriate use of the vehicles and equipment and to support fuel charges. The mileage/usage logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings (or hours of use for equipment), and the operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles and equipment are used only for county business and help identify vehicles and equipment which should be replaced. Information on the logs should be reconciled to fuel purchases and other maintenance costs. To monitor the

reasonableness and propriety of fuel usage and disbursements, the fuel usage logs should be periodically reviewed and recorded usage reconciled to fuel purchased and on hand. Failure to account for fuel usage could result in theft or misuse.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Commission:

- A. And the County Clerk work with the other county departments to ensure annual physical inventories are performed and utilize the reports submitted by the county officials to update overall property records and monitor property additions and dispositions. In addition, a procedure should be implemented for tracking and tagging new property items throughout the year.
- B. Ensure usage logs are maintained for county vehicles and equipment. Fuel use and purchase records should be reviewed for completeness and reasonableness of use, and used to verify vendor billings. In addition, the County Commission should ensure inventory records of bulk fuel tanks are maintained.

AUDITEE'S RESPONSE

The County Commission provided the following response:

- A. *We will work with the County Clerk and other county officials to update overall capital asset records.*
- B. *We will work with the Sheriff and Road and Bridge supervisor to ensure adequate usage information is maintained for vehicles and equipment, and will monitor fuel usage in the future. Tracking of bulk fuel usage will be discussed.*

The County Clerk provided the following response:

- A. *I have already implemented new procedures for updating overall county property records and will work closely with the other county officials to ensure assets are tagged, tracked, and inventoried annually.*

4. Prosecuting Attorney's Accounting Controls and Procedures

Some Gentry County Law Enforcement Restitution Fund (GCLER) donations received are not allowed by law. Other problems were identified with accountability for bad check collections.

The Prosecuting Attorney's office collects bad check restitution and fees. The Prosecuting Attorney requires restitution and fees be paid using two money orders, one payable to the merchant for restitution and the other payable to the Prosecuting Attorney

for the collection fee. The Prosecuting Attorney's office collected bad check restitution and fees during the years ended December 31, 2007 and 2006, of approximately \$47,400 and \$32,300, respectively.

- A. Donations to the GCLER Fund are required on some violations that are excluded from collection by law. The Prosecuting Attorney frequently reduces charges on traffic tickets by requiring the defendants to make a "donation" of up to \$300 to the GCLER Fund as a condition of reducing the charges. According to the county budgets, receipts from donations totaled approximately \$19,400 and \$1,900 during 2007 and 2006, respectively. Per a review of cases where defendants were required to make a donation to the GCLER Fund, we identified numerous cases of speeding, which are specifically excluded as violations where a donation can be required.

Section 50.565.6 states, "No court may order the assessment and payment authorized by this section if the plea of guilty or finding of guilt is to the charge of speeding, careless and imprudent driving No assessment and payment ordered pursuant to this section may exceed three hundred dollars for any charged offense."

- B. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of these complaints, has not been established. Currently, merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. Information from the complaint form is entered into the computer system. The complaint form and information regarding the handling of each case is maintained in individual case files and all pending case files are stored together. The computer system assigns a sequential case number as complaints are entered and allows information related to collection, court proceedings, and disposition to be recorded on each case. However, the computer generated number is not documented on the complaint forms or case files, which would provide assurance it was posted to the system. The Prosecuting Attorney's staff has not used reports available from the system or developed another method to account for the numerical sequence of all cases or to ensure cases are appropriately collected or prosecuted as applicable.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, periodic reports of the complaints entered on the computer system should be generated and reviewed. This review should ensure the numerical sequence of each case is accounted for properly and the status or disposition of each case in the computer system is appropriate.

- C. The following issues were noted with bad check fees:

- Receipts are not posted to the computer system timely.

- Transmittal reports documenting the composition of transmittals turned over to the County Treasurer are not always prepared. In addition, the amounts turned over to the County Treasurer are not reconciled to the composition of receipts posted to the system to ensure accuracy.

To ensure monies are accounted for properly, monies should be transmitted intact. In addition, transmittal reports should be prepared and include fees collected and paid out and the composition of receipt slips issued should be reconciled to the receipts posted to the system and composition of transmittals to the County Treasurer.

- D. Money orders received for repayment of bad checks are not deposited but are forwarded directly to the victim, and documentation is not obtained from the victim to ensure payments are received. Good internal control procedures require documentation, such as a receipt slip, be obtained when monies are transmitted via a money order. Failure to do so increases the risk that loss or misappropriation of funds will not be detected on a timely basis.

WE RECOMMEND the Prosecuting Attorney:

- A. Reevaluate the practice of requiring donations to the Law Enforcement Restitution Fund as part of reducing charges filed in accordance with state law.
- B. Review reports that account for the completeness and handling of all bad check complaints.
- C. Ensure receipts collected are posted to the cash control record immediately when received and receipts are turned over to the County Treasurer intact and in a timely manner. In addition, recorded receipts should be reconciled to monies transmitted on a periodic basis.
- D. Obtain documentation when money orders are turned over directly to the victim.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following written responses:

- A. *While respectfully disagreeing that donations prohibited by statute were made on some traffic violations to the Gentry County Law Enforcement Restitution Fund, the Auditor's recommendations concerning handling these traffic matters have been implemented.*
- B. *There is now an adequate bad check system in place purchased from Dennis Jones and Associates which tracks all bad check complaints received by the Prosecuting Attorney's office as well as the subsequent disposition of these complaints. Assigning sequential numbers to complaint forms handed out to merchants at different times and in different*

volumes is impracticable and unworkable. Our procedures account for the disposition of each bad check.

To fully implement the recommendations of the state auditor would require the county to hire additional staff dedicated solely to bad check collection.

- C. The reconciliation/receipt suggestions are now in place and our policy is to post receipts as soon as possible upon receipt and not later than weekly. There is a significant volume of bad checks collected, which are handled in a very efficient and responsible manner by the one staff person hired by the County, in addition to that person's many other responsibilities and duties. Monthly reconciliation of recorded receipt of monies transmitted has been adopted as recommended by the auditors.*
- D. Subsequent to the auditor's report, it was discovered that the Treasurer provides individual receipts for each money order given to them by the prosecutor's office. Because of a change in personnel, the Prosecutor's Offices was not aware these receipts were available. Further, the Prosecutor's Office will develop its own reports to be reviewed monthly by merchants to verify the merchants receipt of monies for which complaint has been made.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

GENTRY COUNTY
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Gentry County is a township-organized, third-class county and is part of the Fourth Judicial Circuit. The county seat is Albany.

Gentry 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 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 maintain county roads.

The county's population was 6,861 in 2000. The assessed valuation for the year ended December 31, 2007, was:

Real estate	\$ 50,376,050
Personal property	22,259,195
Railroad and utilities	4,661,566
Total	<u>\$ 77,296,811</u>

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

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

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	None	%
Use tax	.0100	None	None	
Emergency telephone service	.0050	None	None	

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

Officeholder	2008	2007
County-Paid Officials:		
Rod Dollars, Presiding Commissioner	\$	23,120
Gary Carlson, Associate Commissioner		21,120
Larry B. Wilson, Associate Commissioner		21,120
Carol Reidlinger, County Clerk		32,000
Roger Combs, Prosecuting Attorney		39,000
Eugene Lupfer, Sheriff		38,000
Bryan Polley, County Coroner		9,000
Judith Pickering, Public Administrator		25,000
Sue Hopkins, County Collector-Treasurer, year ended February 28 (29),	32,503	
Sheryl Coburn, County Assessor (1), year ended August 31,		32,688

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

State-Paid Officials:		
John Whitaker, Circuit Clerk and Ex Officio Recorder of Deeds		51,197
Edward Manring, Associate Circuit Judge		101,090