



Susan Montee, CPA  
Missouri State Auditor

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# Oregon County



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Office Of The  
State Auditor Of Missouri  
Susan Montee, CPA

February 2009

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

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Accounting duties within the Sheriff's office are not adequately segregated and a supervisory review is not performed. Weaknesses and concerns were noted related to the records and procedures for receiving, depositing, and disbursing monies. Civil process fees charged by the Sheriff are inconsistent and do not agree to an established fee schedule, and in some instances do not comply with state law.

The county paid approximately \$128,000 to the Sheriff and his deputies during the 2 years ended December 31, 2007, to reimburse mileage for the use of five personally owned patrol cars. Mileage logs are not maintained adequately. The miles often appear to be estimated and odometer readings are not recorded on the logs. Additionally, the total miles recorded on the patrolling logs usually equal 2,000 miles per month for each officer, which is the maximum amount the county will reimburse. We noted instances where mileage was reimbursed for serving court documents; however, the mileage was not recorded on the log and the court documents were not retained.

The Sheriff's office houses prisoners in the county jail for other political subdivisions and bills the various other entities for these services. The county does not have written agreements regarding the boarding of prisoners. In addition, the Sheriff's office does not have a consistent procedure or maintain an accurate log to ensure all applicable charges are billed. Also, the Sheriff's office does not always provide the Circuit Clerk with the number of prisoner incarceration days to allow the Circuit clerk to submit criminal cost bills to the state.

Procedures related to seized property are in need of improvement. A complete listing of seized property is not maintained by the Sheriff's office, and periodic inventories of property on hand are not conducted. Disposition orders received from the court are not retained and are not always immediately carried out.

Actual disbursements exceeded budgeted amounts for several funds. In addition, the county does not have a formal policy regarding public access to county records.

Procedures and records to account for capital assets are not adequate. Additionally, records of fuel usage for Road and Bridge Department vehicles and equipment are not adequate or reviewed and a complete inventory record of bulk fuel is not maintained.

YELLOW SHEET

Also included in the report are recommendations related to county disbursements, payroll policies and procedures, Senate Bill 40 Board procedures, and accounting controls and procedures of the Associate Division, Prosecuting Attorney, and Senior Citizens Board.

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OREGON COUNTY

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STATE AUDITOR'S REPORT



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

To the County Commission  
and  
Officeholders of Oregon County

We have audited certain operations of Oregon County in fulfillment of our responsibilities under Section 29.230, RSMo. In addition, Charles Buchanan CPA, PC, Certified Public Accountant, has been engaged to audit the financial statements of Oregon County for the 2 years ended December 31, 2007. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2007. The objectives of our audit were to:

1. Determine if the county has adequate internal controls over significant management and financial functions.
2. Determine if the county has complied with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain revenues and expenditures.

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 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 Oregon County.



Susan Montee, CPA  
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA
Audit Manager:	Jeannette Eaves, CPA
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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

OREGON COUNTY  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

**1. Budgets and Public Access Policy**

Actual disbursements exceeded budgeted amounts for several funds. In addition, the county does not have a formal policy regarding public access to county records.

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

Fund	Year Ended December 31,	
	2007	2006
River Forest Patrol	N/A	\$1,496
Recorder User Fees	\$16,186	N/A
Prosecuting Attorney Bad Check Election	N/A	377
Forest Service Title III	N/A	1,115
HAVA Election	14,178	N/A

The County Clerk provides each official with a detailed report of account activity each month and urges officials to monitor the percentage of the budget that has been used. If the percentage remaining will not be adequate to cover known expenses, the official is supposed to notify the County Clerk that an amendment is needed. While budget to actual data is provided to the various county officials, the county's procedures and reports are not resulting in effective monitoring of various budgets.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office.

B. The county does not have a formal policy regarding public access to county records.

A formal policy regarding access to county records would establish guidelines for the county to make records available to the public. This policy should establish a person to contact and an address to mail requests for access to records. Section 610.023, RSMo, lists requirements for making county records available to the public.

**WE RECOMMEND** the County Commission:

- A. And other county officials review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.
- B. Establish a records policy to ensure compliance with the Sunshine Law. This policy should include the need for a records custodian, a central record of documentation requests, procedures for handling requests, and a fee schedule for documentation retrieval, including research costs.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *The County Clerk will try to amend the budgets as needed.*
- B. *We will establish a records policy.*

<b>2. Capital Asset Records and Procedures</b>
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Procedures and records to account for capital assets are not adequate. The County Clerk has no procedures to identify property purchases and dispositions throughout the year. Property tags are not placed on some capital assets, capital asset records do not contain accurate or sufficient details, and physical inventories are not always performed. Additionally, records of fuel usage for Road and Bridge Department vehicles and equipment are not adequate or reviewed and a complete inventory record of bulk fuel is not maintained.

- A. The County Clerk maintains capital asset records but has no procedures to identify property purchases and dispositions throughout the year. Each year he sends a listing of capital assets to all county departments requesting they perform inspections and physical inventories and submit the listings to the County Clerk to document these efforts. In addition, capital assets are not always tagged as county property and capital asset records are not accurate and complete. Amounts recorded on the inventory listing did not always agree to invoice amounts. Capital asset records did not always contain pertinent details of the property, such as the cost of the item, the serial number, and the date and method of disposal.

Also, physical inventories were not always performed, documented, and submitted to the County Clerk. While some departments indicated they performed physical inventories, there was no documentation the inventories had been performed.

Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo, requires counties to account for personal property costing \$1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in the capital asset records. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all capital asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

B. The Road and Bridge Department does not have adequate records and monitoring procedures regarding the use of vehicles and equipment. In addition, a complete inventory record of bulk fuel showing purchases, usage, and fuel on hand is not maintained. During the 2 years ended December 31, 2007, the county expended approximately \$157,000 for fuel and oil for 11 vehicles and pieces of equipment, such as graders and tractors, used by the Road and Bridge Department. Employees dispense fuel into equipment and vehicles from fuel tanks located at various sites in the county.

- Although daily activity reports are maintained by the Road and Bridge employees which indicate the work performed and the expenses incurred, the logs do not contain complete usage documentation. The daily activity reports do not always indicate information such as the number of gallons pumped, the odometer readings, and the vehicle or equipment used. In addition, the daily activity reports are not reviewed by the County Commission and are not reconciled to the invoices received by the county when the vendor fills the bulk fuel tanks.
- A complete inventory record of bulk fuel showing purchases, usage, and fuel on hand is not maintained and reconciled to usage documentation. The failure to perform proper reconciliations increases the possibility that improper billing amounts will be paid and the risk that theft or misuse of fuel could occur and not be detected.

Complete fuel inventory records and usage logs are needed to compile data required to perform effective reviews and reconciliations. To monitor the reasonableness and propriety of fuel usage and disbursements, vehicle and equipment usage logs should be maintained and periodically reviewed and fuel usage recorded on the logs should be reconciled to the fuel purchased and on hand. Failure to account for fuel usage could result in theft or misuse. Vehicle and equipment usage logs should include the date, vehicle or equipment operator, vehicle or equipment used, and the purpose and duration of the property's use.

Additionally, the daily beginning and ending odometer readings, destination of each trip, and gallons of fuel pumped should be recorded when applicable.

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

**WE RECOMMEND:**

- A. The County Clerk work with other county departments to ensure physical inventories are conducted and reports submitted, a procedure is implemented for tagging and tracking property purchases throughout the year, and discrepancies identified during the annual physical inventory process are followed up on.
- B. The County Commission ensure the Road and Bridge Department maintains complete fuel inventory records and usage logs for all county vehicles and equipment and ensure proper reviews and reconciliations are performed.

**AUDITEE'S RESPONSE**

*The County Clerk provided the following response:*

- A. *I will implement a procedure to tag and track all property purchases over \$1,000 as they occur. Each year, the departments will do a physical inventory and reconcile it to my records.*

*The County Commission provided the following response:*

- B. *We will follow this recommendation.*

**3.**

**County Disbursements**

Monthly expense forms completed by commissioners did not always contain adequate documentation to support mileage reimbursements. In addition, the county did not enter into formal written agreements defining services to be provided and benefits to be received.

- A. Mileage reimbursements paid to the three county commissioners totaled approximately \$17,000 annually during 2007 and 2006. The commissioners are reimbursed for miles traveled in personal vehicles to inspect the work of Road and Bridge Department employees and to attend commission meetings. However, the monthly expense forms completed by the commissioners did not always contain adequate documentation to support the amounts reimbursed. Some of the expense forms reviewed did not include the date of the travel or destination. Often, the commissioners do not indicate a purpose for mileage claimed. As an example, one commissioner claimed 26 miles for a commission meeting and 20 miles to go to the courthouse on the same day. Commission meetings are held at

the courthouse. It was unclear from the documentation provided why it was necessary for the commissioner to go to the courthouse twice on the same day, and why the mileage amounts were different.

Section 50.333.10, RSMo, allows the county to reimburse county officials and employees for each mile actually traveled in the performance of their official duties. Additionally, the County Commission may elect to pay a mileage allowance for any county commissioner for travel going to and returning from the place of holding commission meetings and for all other necessary travel on official county business in the personal motor vehicle of the commissioner presenting the claim. Proper documentation should include the date, purpose, destination, and actual mileage traveled.

- B. The county did not enter into formal written agreements defining services to be provided and benefits to be received.
- The county has not entered into written agreements for the housing of prisoners from other political subdivisions in the county jail and the housing of county prisoners in the city jail.
  - A local restaurant provides meals for the prisoners housed in the county's jail and the county does not have a written agreement with the restaurant. During the 2 years ended December 31, 2007, the county disbursed approximately \$30,000 for prisoner meals.
  - The county receives \$493 each year from the sale of calendars for the Sheriff's office and does not have a written agreement with the company that sells the calendars.

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

**WE RECOMMEND** the County Commission:

- A. Provide adequate documentation for all mileage reimbursements.
- B. Enter into written agreements that clearly detail the services to be performed and the compensation to be paid or benefits received.

## **AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We have implemented this recommendation.*
- B. *We will implement this recommendation.*

<b>4. Payroll Policies and Procedures</b>
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The county does not always adhere to its personnel policies and procedures manual regarding timesheets and sick leave paid to terminated employees. In addition, the County Clerk's office does not maintain records of compensatory time earned or subsequently taken by Sheriff's office employees.

- A. Although the county's personnel policy requires employee timesheets be reviewed and approved by each employee's supervisor, Road and Bridge Department timesheets are not signed by the appropriate supervisor.

Improved oversight of the payroll process by supervisors is necessary to detect unexplained discrepancies, errors, and inconsistencies. Timesheets should be prepared by the employee, approved by the applicable supervisor, and filed with the County Clerk.

- B. Centralized records of compensatory time are not maintained by the County Clerk for Sheriff's office employees. Each Sheriff's office employee is responsible for maintaining records of their own compensatory time. Some employees do not maintain adequate records, and many employees do not maintain any records. In addition, the Sheriff does not review compensatory time records.

Improved oversight of the payroll process by the County Clerk is necessary and could be better accomplished, at least in part, by establishing centralized compensatory time records. Unexplained discrepancies, errors, and inconsistencies are more likely to occur given the county's decentralized payroll procedures. Without centralized records, the County Commission cannot ensure compensatory time records are accurate, all employees are treated equitably, and leave time used does not exceed leave time earned and accumulated. Centralized records aid in determining final pay for employees leaving county employment or in the event disputes arise and in demonstrating compliance with the Fair Labor Standards Act.

- C. Although the county's personnel manual allows employees to receive pay for half of their accrued sick leave upon termination, one employee was allowed to take all of her sick leave, totaling 47.5 hours, after notifying her supervisor she was quitting. Adherence to the personnel manual ensures that the county complies

with its approved policies and procedures and county employees are treated equitably.

**WE RECOMMEND** the County Commission:

- A. Ensure employee timesheets are signed by applicable supervisors indicating they have been reviewed for accuracy and approved for payment.
- B. Require the County Clerk to maintain centralized records of compensatory time earned, taken, and paid for all county employees. In addition, the County Commission should ensure all compensatory time is approved by the appropriate supervisor.
- C. Ensure terminated employees are paid according to the county's personnel manual.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We will sign the monthly time summaries for Road and Bridge employees.*
- B. *The County Clerk will work with the new Sheriff to establish a procedure for compensatory time.*
- C. *The County Clerk paid the salary based upon the timesheet that was approved by the officeholder.*

<b>5. Associate Division's Accounting Controls and Procedures</b>
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Accounting duties are not adequately segregated and proper supervisory reviews are not performed. Both clerks share the duties of receiving and depositing monies and one clerk disburses monies and prepares bank reconciliations. There is no documentation that an independent review of deposits and accounting records is performed.

Internal controls would be improved by segregating the functions of receiving and depositing court monies from that of recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits and an independent review of bank reconciliations.

A similar condition was noted in our prior report.

**WE AGAIN RECOMMEND** the Associate Division segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

## **AUDITEE'S RESPONSE**

*The Associate Circuit Judge provided the following written response:*

*As you know, this division has only two clerks, both of whom are part-time and limited to thirty-five hours each week. That has made segregation of accounting duties almost impossible. One clerk cannot do all of the receipting involved in criminal, municipal, civil and probate cases since one clerk is not always in the office.*

*Right now, deposits are made on a daily basis by whichever clerk has the time to do so. In an attempt to satisfy as best we can the auditor's requests, we met with the auditor who performed the audit and are doing the following: When daily deposits are made by one clerk, the other clerk reviews the deposit book, monies, and JIS reports to verify both the amount and the types of receipts shown on the JIS reports. That clerk then initials the cashier reports corresponding with the deposit. If the reviewing clerk is not available to do so on the day the deposit is made, she does the review on her next working day, verifies, and initials it.*

*Distributions of funds in the probate and civil cases are set up by one clerk, with the other actually issuing the checks. Criminal and municipal funds are primarily issued at the end of the month and are automatically set up for payout by JIS when a clerk does the month end reports.*

*I now review the bank reconciliation, bank statement, open items detail listing, CAPCED (in final), CZRTRAL, outstanding check listing and daily cashier reports as time allows, initialing the bank reconciliation following each review.*

<b>6. Prosecuting Attorney's Accounting Controls and Procedures</b>
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The Prosecuting Attorney waived bad check fees totaling \$530 for 11 bad check complaints filed against a former employee of the Prosecuting Attorney's office and did not file court charges for bad checks written by the employee. In addition, the composition of receipt slips issued is not reconciled to the composition of deposits.

- A. The Prosecuting Attorney waived bad check fees totaling \$530 for 11 bad check complaints filed against a former employee of the Prosecuting Attorney's office. Write-off adjustments were made to the Prosecuting Attorney's computer system to remove these fees from the system; however, the reason for the write-offs was not documented. Although Section 570.120, RSMo, allows the Prosecuting Attorney to collect a handling fee for bad check restitutions, no handling fees were collected from the former employee.
- B. The Prosecuting Attorney did not file court charges for bad checks written by the former employee. For example, the Prosecuting Attorney received a bad check issued by the former employee from a local vendor on October 22, 2006, and his office did not issue a 10 day letter until December 21, 2006, requesting payment

by January 4, 2007. No charges were filed against the bad check writer and payment was finally made on August 10, 2007.

The Prosecuting Attorney should ensure 10 day letters are sent timely. If payment is not received within the required ten days, bad check complaints should be filed with the court on a timely basis. Section 556.036, RSMo, indicates that the statute of limitations expires on misdemeanor offenses (bad checks written) after one year, and subsequently, the Prosecuting Attorney loses the authority to collect the bad checks for the merchant.

- C. The composition of receipt slips issued is not reconciled to the composition of deposits. For one deposit reviewed, we identified a discrepancy between the cash and check amounts recorded on the cash receipts journal and the bank deposit slip. Information obtained from the bank indicated a \$200 money order was received; however, the amount was recorded as cash on the cash receipts journal. To ensure that receipts are deposited intact, the composition of receipt slips issued should be reconciled to the composition of bank deposits.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Collect bad check fees in accordance with state law. If fees are waived, the reasons for waiving the fee should be clearly documented.
- B. Ensure 10 day letters are sent and charges are filed with the Circuit Clerk in a timely manner.
- C. Reconcile the composition of receipt slips issued to the composition of deposits.

### **AUDITEE'S RESPONSE**

*The Prosecuting Attorney provided the following responses:*

- A. *The fees were waived at the request of the bank and the borrower that were processing a loan to settle the bad checks. This is not uncommon when fees equal 25 percent of what is owed on the checks. The merchants were paid in full.*
- B. *Ten day letters are not sent when client communication has taken place between my office and the check writer and assurances have been given that checks would be taken care of. We monitor the status of the checks and the statute of limitations. Because the individual worked for me, I didn't feel I could file charges and prosecute her without a bar complaint being filed for conflict of interest. I attempted to get the Attorney General's Office involved, but they wouldn't do anything unless it was a felony.*
- C. *We will implement this recommendation.*

Accounting duties within the Sheriff's office are not adequately segregated and a supervisory review is not performed. Weaknesses and concerns were noted related to the records and procedures for receiving, depositing, and disbursing monies, charging civil fees, maintaining mileage logs, identifying and pursuing accrued costs, and billing for the boarding of prisoners. In addition, procedures related to seized property are in need of improvement. The Sheriff's office processed monies for civil and criminal fees, bonds, and other miscellaneous receipts totaling approximately \$40,000 annually for the years ended December 31, 2007 and 2006.

- A. Accounting duties have not been adequately segregated in the Sheriff's office. The secretary is responsible for recording receipts, preparing deposits, making disbursements, and performing bank reconciliations. Monies are collected by the secretary or dispatchers, who issue prenumbered receipt slips and place the monies in a money bag until deposited. The secretary then disburses these monies to the appropriate entity. No one performs a supervisory review of the secretary's work.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from that of recording receipts and preparing disbursements. If proper segregation of duties cannot be achieved, at a minimum, procedures for adequate independent reviews should be established.

- B. Receipts are not always deposited intact or in a timely manner. In addition, checks and money orders received are not always endorsed immediately upon receipt and the composition of receipt slips issued is not reconciled to the composition of deposits. Deposits are generally made two to three times a month. During the month of December 2007, deposits averaged \$893.

For two deposits reviewed, there were discrepancies between the amounts recorded in the receipt records and the bank deposit slips. In one instance, a deposit was made on March 28, 2007, totaling \$599 and the related receipt records totaled \$689. We determined \$80 was disbursed to the Associate Division in cash, but could not determine the disposition of a \$10 check recorded in the receipt records. In another instance, the receipt records indicated five \$30 checks were received from one law firm related to five different cases. However, only four of the checks were included in the deposit.

To ensure all monies are properly accounted for and to adequately safeguard receipts, checks and money orders received should be endorsed immediately upon

receipt, deposits should be made intact on a timely basis, and the composition of receipt slips issued should be reconciled to the composition of bank deposits.

- C. The Sheriff's office collects cash bonds and transmits the monies to the courts without adequate documentation of the transmittal. For example, two \$40 cash bonds were receipted on March 22, 2007, and transmitted to the Associate Division the same day. However, the Sheriff's office did not obtain and/or retain a receipt slip from the Associate Division to document that the cash had been transmitted to the court. To reduce the risk of loss, theft, or misuse of cash bonds, the Sheriff's office should obtain and retain receipt slips for all bonds transmitted to the courts.
- D. The Sheriff's office does not disburse civil process fees to the County Treasurer in a timely manner. November 2007 fees were not disbursed until January 31, 2008, and December 2007 fees were not disbursed until February 25, 2008.

Section 50.370, RSMo, requires county officials to file a report with the county commission and pay monies received for official services to the county treasurer monthly. It also provides that the officials are liable for monies collected but not accounted for and paid into the county treasury as required.

- E. The Sheriff's office collects civil process fees for serving summonses, garnishments, and subpoenas as ordered by the courts. However, the fees charged by the Sheriff are inconsistent and do not agree to an established fee schedule, and in some instances do not comply with state law. The last fee schedule maintained by the Sheriff's office was dated June 1, 1989, and does not agree with current law. We noted 7 instances where \$15 was charged to serve a garnishment and 16 instances where \$10 was charged to serve a summons. In another instance, a summons was served and no fee was charged.

Section 57.280 RSMo, states the Sheriff shall receive a \$20 fee for serving a summons, writ or other order of court in connection with any civil case, except that the Sheriff shall receive a \$10 fee for serving a subpoena. Establishing a fee schedule would help to ensure the correct fee is collected for each service performed.

- F. The county paid approximately \$128,000 to the Sheriff and his deputies during the 2 years ended December 31, 2007, to reimburse mileage for the use of five personally owned patrol cars. Approximately \$21,000 was reimbursed for serving court documents, while the remainder was reimbursed for patrolling the county. The County Clerk's office processes reimbursements for patrolling the county. Civil process mileage is collected by the Sheriff's office or collected by the courts and forwarded to the Sheriff's office. The Sheriff's office reimburses the Sheriff and the deputies for serving court documents. If court documents are served and the mileage is not paid to the courts or the Sheriff's office, the County Clerk's

office reimburses the Sheriff's office for the mileage disbursements made to the officers.

The Sheriff's secretary uses the court documents and information provided by the officers to prepare a log of mileage incurred by each officer to serve papers. In addition, each officer maintains a log that documents patrolling mileage. Although these logs are submitted to the County Clerk for reimbursement monthly, the logs are not accurate and are not reviewed.

- Mileage logs are not maintained adequately. Although the date, vehicle operator, destination, and miles traveled are generally recorded on the monthly logs, the miles often appear to be estimated and odometer readings are not recorded on the logs. For example, most of the patrolling logs record mileage in ten mile increments, such as 120 miles. Additionally, the total miles recorded on the patrolling logs usually equal 2,000 miles per month for each officer, which is the maximum amount the county will reimburse.
- We noted instances where mileage was charged for the same destination 2 or 3 times on the same day. For example, according to the mileage logs, two officers served a summons on the same case to the same address on the same day; however, one officer charged 32 miles while the other officer charged 64 miles.
- We noted instances where mileage was reimbursed for serving court documents; however, the mileage was not recorded on the log and the court documents were not retained by the Sheriff. When reviewing the respective court documents, we noted the officer did not always record the actual miles traveled to serve the paper. For instance, we noted 34 court documents where either a \$20 or \$10 mileage fee was reimbursed to the officer who served the document, although the number of miles was not recorded. Mileage fees for these 34 court documents were received by the Sheriff's office before the papers were served. Because the actual mileage was not recorded, the Sheriff's office could not determine if the fee was under or over paid and therefore, no adjustments were made after the papers were served. In these cases, the mileage paid to the officer was not based on the actual miles traveled, but was the amount that was charged to the case less the civil process fee.
- One officer received \$620 for serving court documents in 2007; however, his name and mileage were not recorded on the appropriate mileage logs.
- Mileage may be reimbursed by the Sheriff before payment is received. For example, a mileage fee was incurred and disbursed in September 2007, however, the fee was not receipted until October 2007.

- One officer was reimbursed \$83 for 172 miles recorded on two mileage logs for a day that the officer did not work according to his timesheet which was approved by the Sheriff.
- Mileage logs are not reviewed by the County Commission; therefore, the reimbursement amounts are not approved.

Logs are necessary to document appropriate use of the vehicles and to support reimbursement charges. The logs should include the date, vehicle operator, purpose and destination of each trip, and the daily beginning and ending odometer readings. These logs should be reviewed by the County Commission and Sheriff to ensure all mileage is recorded and vehicles are properly utilized, and help with cost analysis. Information on the logs should agree with the related court documents and all supporting documentation should be retained.

- G. Adequate procedures have not been established to ensure all accrued costs are adequately identified and pursued. A listing of accrued costs is not maintained and accrued costs are not monitored. The Sheriff's office receives fees and mileage for serving civil papers.

The secretary or Sheriff should review the status of all old cases, and if all costs have not been received, collection of outstanding amounts should be pursued. In addition, the Sheriff should establish written procedures for collecting accrued costs. By not monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue. A complete and accurate listing of accrued costs would allow the Sheriff to more easily review the amounts due to the office.

- H. The Sheriff's office houses prisoners in the county jail for other political subdivisions and bills the various other entities for these services. As discussed in MAR finding number 3, the Sheriff's office does not have written agreements regarding the boarding of prisoners. In addition, the Sheriff's office does not have a consistent procedure or maintain an accurate log to ensure all applicable charges are billed. For example, the Sheriff does not bill other states and rarely bills other counties. Additionally, the Sheriff does not track the billings that are sent to the other political subdivisions and follow up on delinquent bills. If another county is billed and the bill is unpaid, the Sheriff does not submit a second bill to that county.

Section 221.260 RSMo, states in all cases where a person is committed from another county for a criminal offense, the county, prisoner, or state shall pay the expenses in the same manner as if the commitment had been in the county where the offense was committed. An accurate record of amounts billed to and collected from the various entities should be maintained to monitor amounts due and to ensure all outstanding amounts are received in a timely manner.

- I. The Sheriff's office does not always provide the Circuit Clerk with the number of prisoner incarceration days to allow the Circuit Clerk to submit criminal cost bills to the state.

Section 221.105, RSMo, allows for the reimbursement of certain costs in criminal cases where the state has been rendered liable. The Sheriff is to certify the number of prisoner incarceration days and the Circuit Clerk is responsible for preparing and submitting cost bills to the state for reimbursement. The revenue generated by these billings is received by the county. Section 33.120, RSMo, requires all such bills to be submitted to the state's Office of Administration within 2 years of the date of judgment and sentence.

To ensure that revenues are maximized, the Sheriff's office should implement procedures to track all reimbursable incarceration costs and timely report them to the Circuit Clerk to be submitted as reimbursement claims to the state.

- J. Seized property records and procedures need improvement as follows.

1. A complete listing of seized property is not maintained, and periodic inventories of property on hand are not conducted. A computerized system is used to record seized property by case; however, the Sheriff's office has not determined if the computer system can generate a summary listing. In addition, seized property is recorded on manual case cards. We noted instances where the case card was incomplete, inaccurate, or never prepared. In one instance, the disposition order obtained from the court indicated the seized property was to be returned to the owner; however, the case card indicated the seized property was destroyed.

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

2. Disposition orders received from the court are not retained by the Sheriff's office. Additionally, disposition orders are not always immediately carried out. In two instances, the disposition order was approved by the Prosecuting Attorney and Judge on January 30, 2008, and the deputies recorded the actual disposition on March 7, 2008. However, in another instance, a receipt slip indicated property was being returned as approved by the Prosecuting Attorney, but the receipt was not signed by the

Prosecuting Attorney and no disposition order was available to support the disposal of property.

Section 542.301(5), RSMo, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure. Disposition orders should be retained to support the proper disposition of all seized property.

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

**WE RECOMMEND** the Sheriff:

- A. Segregate the duties of receiving, depositing, recording, and disbursing monies.
- B. Ensure receipts are restrictively endorsed immediately upon receipt and deposit all monies intact in a timely manner. In addition, the Sheriff should reconcile the composition of receipts to the composition of bank deposits.
- C. Obtain and retain receipt slips from the courts to document amounts transmitted.
- D. Distribute fees to the county in a timely manner.
- E. Establish a fee schedule that complies with state law and ensure fees are charged appropriately.
- F. Maintain mileage logs which include the date, vehicle operator, purpose and destination of each trip, and daily beginning and ending odometer readings. The County Commission should review and approve each log submitted for reimbursement monthly.
- G. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.
- H. Establish records and procedures to ensure all appropriate political subdivisions are billed for the boarding of prisoners, monitor board of prisoner billings, and follow up on delinquent amounts.
- I. Implement procedures to track all reimbursable incarceration costs and timely report them to the Circuit Clerk.
- J.1. Ensure a complete and accurate inventory listing of all seized property is maintained and updated for both additions and dispositions. In addition, a periodic physical inventory should be performed and reconciled to the inventory listing.

2. Dispose of seized property as ordered and retain disposition orders to support the disposition.

**AUDITEES RESPONSE**

*The new Sheriff provided the following responses:*

- A. *I will try to make it a point to review the work myself and document the review.*
  - B. *I will do my best to ensure someone will do that.*
  - C. *I agree.*
  - D. *I will consider asking the courts to submit the fees directly to the County Treasurer. If not, I will ensure the monies are submitted timely.*
  - E. *I will ask the courts if they will collect the monies and I will establish a fee schedule.*
  - F. *I will be establishing new mileage logs that are more specific. The county will be looking into purchasing county vehicles, which will eliminate mileage reimbursements.*
  - G&H. *I will keep documentation and will send bills and follow up on outstanding bills.*
  - I. *I will work with the Circuit Clerk to ensure the criminal costs are billed.*
  - J.1. *I will inventory the seized property and a log will be hanging in the room with the property. Periodic inventories will be conducted. The log will be updated for additions and dispositions.*
2. *This will be implemented.*

*The former Sheriff declined to provide responses.*

<b>8. Senate Bill 40 Board's Procedures</b>
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During 2007 and 2006, the Senate Bill 40 Board paid a total of \$60,000 each year to the Sheltered Workshop, a not-for-profit (NFP) organization. The nine board members of the Senate Bill 40 Board also make up the Sheltered Workshop Board. Meetings are held for both boards at the same time and one set of minutes is prepared.

Because the members of the Senate Bill 40 Board and the Sheltered Workshop Board are the same, there is not a written agreement between the two boards and therefore, the relationship between the boards is not clearly documented. Because board meetings and the related minutes are combined, it is not clear which board is conducting the business documented in the minutes. The combined board approved some disbursements that do

not appear to be appropriate uses of county funds. For example, the board approved Christmas bonuses of \$50 for each employee each year, except that in 2007, the manager, assistant manager, and secretary each received bonuses of \$250. In addition, the board approved a Christmas dinner costing \$280 during 2006 and rented a building to a board member for \$50 a month without a written agreement.

Section 205.970(6), RSMo, allows the Senate Bill 40 Board to contract with a NFP corporation to provide services to handicapped residents of the county. Without a written contract there is less assurance the county board is receiving a reasonable level of services for the consideration paid. In addition, Section 432.070, RSMo, requires that all contracts entered into by the county be in writing, dated, and signed by the contractual parties. A written agreement should be entered into to document the relationship between the two boards.

**WE RECOMMEND** the Senate Bill 40 Board enter into a written agreement with the Sheltered Workshop Board to document the relationship between the two boards. Minutes of board meetings should be maintained separately to clearly document the actions taken by each board. The board should ensure that related party transactions are handled appropriately and county funds are spent only for appropriate purposes.

**AUDITEE'S RESPONSE**

*The President of the Senate Bill 40 Board and the Assistant Manager of the Sheltered Workshop provided the following response:*

*An agreement has been drafted between the Senate Bill 40 Board and the Sheltered Workshop Board designating the responsibilities of the Senate Bill 40 Board and the Sheltered Workshop Board. The minutes will be kept separate.*

**9. Senior Citizens Board's Accounting Controls and Procedures**

The budget prepared by the Senior Citizens Board did not agree to the accounting records and did not contain appropriate details. The board did not enter into or retain contracts with some not-for-profit (NFP) corporations and the contracts that were retained were not signed by the appropriate parties and did not specify the amount of funding to be provided to the NFP or the length of the contract. In addition, minutes are not signed by the preparer and by a board member to attest to the completeness and accuracy. During 2007 and 2006, the Senior Citizens Board paid a total of \$39,000 and \$37,000, respectively, to several NFP corporations to provide services for senior citizens.

A. The Senior Citizens Board prepares an annual budget that consists of budget and actual amounts; however, this information does not agree to accounting records and is not detailed. The board did not report monies received from the state and disbursed to a NFP totaling \$1,308 in 2007 and \$378 in 2006. In addition, the board reported the total amount received each year, but did not identify the source

of the receipts. Although the board reported the amounts paid to each NFP each year, administrative disbursements incurred by the board were not included in the total disbursements reported on the budget.

To be of maximum assistance to the Senior Citizens Board and to adequately inform citizens of the board's operations and financial position, budget documents need to be accurate and include proper classifications of receipts and disbursements.

- B. The Senior Citizens Board Treasurer stated the board entered into written contracts with each NFP corporation; however, he could not locate contracts for some NFPs for 2007 and 2006. In addition, the contracts that were located were not signed by the appropriate parties and did not specify the amount of funding to be provided to the NFP or the length of the contract.

Pursuant to Section 432.070, RSMo, the essential terms of a government contract are required to be in writing. Each contract should state the amount to be paid to the NFP corporation, services to be provided by the NFP corporation, and time period of the contract. The contract should be signed by both parties and retained with board records.

- C. Board minutes are not signed by the preparer. In addition, the minutes are not signed by a board member to attest to completeness and accuracy.

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 should be signed by the board members to show the minutes have been reviewed and accurately reflect the discussions held and actions taken in the previous meeting.

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

**WE RECOMMEND** the Senior Citizens Board:

- A. Ensure the budget document presents accurate and complete financial information.
- B. Enter into a written contract with each NFP corporation to specify the amount to be paid to the NFP corporation, the services to be provided by the NFP corporation, and the time period of the contract. In addition, the contract should be signed by both parties and retained.
- C. Ensure the minutes are signed by the preparer and a board member to attest to completeness and accuracy.

**AUDITEE'S RESPONSE**

*The Treasurer of the Senior Citizens Board indicated the board would implement these recommendations.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

OREGON COUNTY  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Oregon County is a county-organized, third-class county and is part of the Thirty-Seventh Judicial Circuit. The county seat is Alton.

Oregon County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 10,344 in 2000. The assessed valuation for the year ended December 31, 2007, was:

Real estate	\$ 47,681,781
Personal property	24,292,145
Railroad and utilities	7,259,828
Total	<u>\$ 79,233,754</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.

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

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ 0.0050	None	50	%
General	0.0050	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:	\$	
Leo Warren, Presiding Commissioner		24,440
Johnny D. Wrenfrow, Associate Commissioner		22,440
Buddy Wright, Associate Commissioner		22,440
Gary Hensley, County Clerk		34,000
Fred O'Neill, Prosecuting Attorney		41,000
Tim Ward, Sheriff		39,000
Kim Hollis, County Treasurer		34,000
Lyle T. Clary, County Coroner		9,500
Mike Crawford, Public Administrator		34,000
Jerry Richardson, County Collector (1), year ended February 29,	36,123	
Charles Lon Alford, County Assessor (2), year ended August 31,		34,688
Cliff Tuck, County Surveyor (3)		

- (1) Includes \$2,123 of commissions earned for collecting city property taxes.
- (2) Includes \$688 annual compensation received from the state.
- (3) Compensation on a fee basis.

State-Paid Officials:

Dorothy Barton, Circuit Clerk and Ex Officio Recorder of Deeds	51,197
Jo Beth Prewitt, Associate Circuit Judge	101,090