



Susan Montee, JD, CPA
Missouri State Auditor

Carter County



May 2009

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

May 2009

YELLOW SHEET

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

The County Collector's annual settlements were not accurate or complete and were not prepared and filed in a timely manner. Some delinquent property tax receipts were not deposited and have not been accounted for. Receipts are not always deposited intact or in a timely manner, and the method of payment is not accurately recorded on the property tax system, and an independent review of the composition of receipts to deposits is not performed. The numerical sequence of receipt and batch numbers assigned by the computerized system is not accounted for. Manual receipt slips are not always issued for payments received that are not recorded in the computerized system. The County Collector does not always prepare monthly bank reconciliations or open items lists and an unidentified balance exists in the account. The County Collector's partial payment ledger was not accurate, and the County Collector did not distribute taxes on a timely basis. As a result of the significant control weaknesses identified in this office, there is no assurance all property tax receipts have been properly deposited and accounted for.

Neither the County Commission, nor the County Clerk adequately reviews the activities of the County Collector. Controls over property tax additions and abatement are not adequate, and the County Clerk did not file the back tax aggregate abstracts for the 2007 or 2006 tax year in a timely manner.

The former Sheriff used \$3,607 of accountable fees to pay for prisoner transports, office expenses, and drug buys. Supporting documentation was not retained for \$1,957 of these disbursements, and the former Sheriff did not always turn over fees to the County Treasurer on a monthly basis. Accounting duties are not adequately segregated, dual signatures are not required on checks, and two checks issued to a local grocery store and subsequently cashed did not appear to be signed by the bookkeeper. Receipts are not always deposited intact or on a timely basis, the method of payment is not always indicated on receipt slips, and the composition of receipt slips issued is not reconciled to the composition of deposits. Monthly lists of open items are not prepared, and consequently, liabilities are not reconciled with cash balances. The jail log maintained by the Sheriff's office does not always include the arrest or release dates of inmates. A control log of evidence and seized property is not maintained nor is a physical inventory periodically conducted.

The county did not always solicit bids nor was bid documentation always retained for various purchases, and adequate supporting documentation was not obtained or retained for some disbursements. Several concerns were noted regarding the use of credit cards in the Sheriff's office. Individual credit card slips were not reconciled to the credit card statement each month, and adequate supporting documentation was not maintained for

\$2,823 of the \$3,934 credit card purchases we reviewed. In addition, many of the purchases reviewed did not appear to be prudent uses of public funds. The county has not developed a formal written policy regarding cellular phone use or guidelines to determine whether a cellular phone is needed or of benefit to the county. The county did not always enter into formal written agreements defining services to be provided and benefits to be received and did not prepare IRS Forms 1099 Miscellaneous for payments made to the Prosecuting Attorney's private law office.

The County Clerk maintains three bank accounts to process grant monies received for the Justice Center Grant Fund, Siren Warning Grant Fund, and Little Black Fire District Grant Fund. There is no statutory authority that allows the County Clerk to hold these accounts outside the county treasury.

Also included in the audit report are findings related to county budgets; personnel policies; property records and procedures; the Treasurer's salary; the Circuit Clerk, Associate Circuit Court, and Prosecuting Attorney controls and procedures; the Senior Citizens Service Board; and the Senate Bill 40 Board.

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CARTER COUNTY

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STATE AUDITOR'S REPORT



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Carter County

We have audited certain operations of Carter County in fulfillment of our responsibilities under Section 29.230, RSMo. In addition, Van de Ven, LLC, Certified Public Accountants and Advisors, has been engaged to audit the financial statements of Carter 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 Carter County.



Susan Montee, JD, CPA
State Auditor

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CARTER COUNTY
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDINGS

1. County Collector Controls and Procedures

The County Collector's annual settlements were not accurate or complete. There are numerous weaknesses in the controls and procedures over receipts, and delinquent property tax receipts totaling \$546 were not accounted for. The County Collector does not always prepare monthly bank reconciliations, and an unidentified balance exists in the account. The County Collector's partial payment ledger was not accurate. In addition, the County Collector did not distribute taxes on a timely basis.

The County Collector's office collects property taxes totaling approximately \$2 million annually. The county implemented a new computerized property tax system for the tax year ended February 29, 2008.

As a result of the significant control weaknesses identified below and in MAR finding number 2, there is no assurance all property tax receipts were deposited and accounted for properly.

A. The County Collector's annual settlements for the 2 years ended February 29, 2008, did not include all activity of her office and were not prepared in a timely manner.

- The County Collector failed to include County Employee Retirement Fund and Tax Maintenance Fund commissions, protested taxes, and surtaxes, and some interest, penalties, merchant licenses, and duplicate tax receipt fees totaling over \$39,000 collected by the office on the annual settlement for the year ended February 29, 2008.
- The County Collector failed to include County Employee Retirement Fund commissions, Tax Maintenance Fund commissions, and protested taxes totaling over \$22,000 collected by her office on the annual settlement for the year ended February 28, 2007.
- The County Collector failed to include distributions of interest earned on investments totaling \$12,135 on the annual settlement for the year ended February 28, 2007.
- Collections and distributions to each political subdivision reported by the County Collector on the annual settlements appeared inaccurate and inconsistent from year to year.

- Delinquent tax credits reported on the annual settlement for the year ended February 28, 2006, did not agree to the delinquent tax charges reported on the annual settlement for the year ended February 28, 2007.

In addition, delinquent charges and credits reported on the annual settlements for each year did not agree to the back tax aggregate abstracts prepared by the County Clerk.

Further, because the County Collector used both property tax systems (new and old) to record some tax payments during the year ended February 29, 2008, as noted below in B.1, the delinquent tax books were not accurate or complete.

- Annual settlements were not filed by the County Collector in a timely manner. Annual settlements were not filed until August 19, 2008 and June 29, 2007, for the years ended February 29, 2008 and February 28, 2007, respectively.

Failure to accurately report all receipts and distributions and adequately reconcile charges and credits on the annual settlement reduces the assurance the County Collector has accounted for all monies she is charged with collecting. Additionally, the potential for loss to the county exists from inadequate monitoring of delinquent taxes.

Section 139.600.3, RSMo, states "...the collector shall...settle her accounts of all monies received by her on account of taxes and other sources of revenue..." In addition, Section 139.160, RSMo, requires the collector to settle accounts with the County Commission by the first Monday of March.

B. The following concerns were identified related to property tax receipts:

- 1) Five delinquent property tax receipts reviewed totaling \$546 were received during the period November 2007 through February 2008, and were not deposited as follows:

Date Received	Transaction Number	Type of tax	Tax year	Amount
		Personal		
November 6, 2007	22252	property	2006	\$ 28
November 30, 2007	22247	Real estate	2005	129
		Personal		
December 31, 2007	22266	property	2006	6
February 1, 2008	22275	Real estate	2005	256
February 8, 2008	22278	Real estate	2005	127
Total				<u>\$ 546</u>

The County Collector did not record these tax payments on her current property tax system, but instead recorded them on her old system. In addition, several delinquent tax collection reports from the old property tax system were not retained for the period November 2007 through February 2008, and as a result, we have no assurance all delinquent property tax receipts were deposited.

- 2) Receipts are not always deposited intact or in a timely manner. For example, the February 19, 2008, deposit included receipts from as far back as December 31, 2007, and additional deposits were made during this time period. In addition, cash refunds are given for overpayments of taxes, and personal checks of county employees and taxpayers are cashed by the County Collector. Further, the County Collector will hold checks for tax payments upon request.
- 3) The method of payment is not accurately recorded on the property tax system, and an independent review of the composition of receipts to deposits is not performed by the County Collector. The method of payment was not accurately recorded on the property tax system for 65 of 74 deposits reviewed, and over \$51,000 was recorded in the property tax system as cash in error, during the period November 2007 through February 2008.
- 4) The numerical sequence of receipt and batch numbers assigned by the new computerized property tax system is not accounted for by the County Collector. The County Collector could not account for 139 receipt numbers and 40 batch numbers during the period November 2007 through February 2008, and as a result, there is no assurance all property tax receipts were properly accounted for and deposited. In addition, the county's contracted computer programmer indicated the property tax system is not capable of tracking voided or missing receipt or batch numbers.
- 5) Manual receipt slips are not always issued for partial payments of taxes due, merchant licenses, or duplicate tax receipt fees (receipts not accounted for by the computerized property tax system). Receipt slips were not issued for \$4,404 of these monies during the period November 2007 through February 2008.

Failure to implement adequate receipting procedures increases the risk that loss or misuse of monies received will go undetected. The County Collector should investigate the unaccounted for monies and ensure all property tax reports are retained. To ensure monies received are properly deposited and reduce the risk of loss or misuse of funds, monies should be deposited intact in a timely manner, the method of payment should be accurately reported on the tax system, and the composition of receipts should be reconciled to amounts deposited. In addition,

personal checks should not be cashed, all disbursements should be made by check, and check payments should not be held. The County Collector should work with the computer programmer to ensure all receipt and batch numbers can be accounted for on the property tax system. Manual receipt slips should be issued for all partial payments, merchant licenses, and duplicate tax receipt fees.

- C. The County Collector does not always prepare monthly bank reconciliations and lists of open items (liabilities), and the bank reconciliation prepared for February 29, 2008, did not agree to the list of open items. As of August 26, 2008, monthly bank reconciliations and lists of open items had not been prepared for March through July 2008. In addition, the February 29, 2008, list of open items for this account totaled \$115,994. The reconciled cash balance totaled \$116,776, exceeding identified open items by \$782.

Timely reconciliations between open items and cash balances are necessary to ensure the balances in the bank account are properly identified and monies are sufficient to meet liabilities. In addition, amounts which cannot be identified should be disposed of in accordance with applicable state law.

- D. The County Collector's partial payment ledger was not accurate. Partial payments received totaling \$2,482 and partial payments applied to property taxes due totaling \$4,571 were not recorded on the ledger during the period November 2007 and February 2008. Partial payments are held in escrow until the tax bill is fully paid, whereupon the County Collector records the taxes as paid in the computerized tax system.

Recording all partial payments and partial payments applied on the ledger is necessary to ensure all funds held in escrow are accounted for properly. A properly maintained partial payment account ledger is crucial in the process of identifying liabilities of the County Collector.

- E. The County Collector did not distribute taxes on a timely basis. For example, property taxes totaling \$284,175 collected in November 2007, were not disbursed to the County Treasurer until January 19, 2008.

Section 139.210, RSMo, requires all collections to be distributed to political subdivisions by the 15th day of the following month. In addition to being required by state law, timely distributions of property tax collections to the political subdivisions are important because most political subdivisions rely heavily on property tax revenues to fund their operations.

Conditions similar to A, B.3, C, and D were noted in our prior report.

WE RECOMMEND the County Collector:

- A. File complete and accurate annual settlements in a timely manner.
- B.1. Investigate the unaccounted for funds and ensure all delinquent tax collection reports are retained.
 - 2. Deposit receipts intact and in a timely manner, ensure all disbursements are made by check, and discontinue the practice of cashing personal checks and holding checks at the request of the taxpayer.
 - 3. Accurately record the method of payment on the computerized property tax system and reconcile the composition of receipts to the composition of deposits. Any differences should be investigated and explained on the reconciliation.
 - 4. Account for the numerical sequence of receipt and batch numbers and work with the computer programmer to ensure the tax system tracks voided or missing receipt and batch numbers.
 - 5. Ensure receipt slips are issued for all partial payments, merchant licenses, and duplicate tax receipts.
- C. Reconcile the amounts in the bank account to open items on a monthly basis and disburse any unidentified amounts in the account in accordance with state law.
- D. Ensure all partial payments are properly accounted for in the partial payment account ledger.
- E. Ensure taxes are disbursed in a timely manner.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *I am currently working on my annual settlement for the year ended February 28, 2009, and plan to accurately complete it on a timely basis. In addition, I am currently reviewing the delinquent tax books for accuracy and completeness.*
- B.1. *I will investigate the unaccounted for funds.*
 - 2. *I plan to implement the recommendations.*
 - 3. *I plan to begin accurately recording the method of payment, reconciling the composition of receipts to the composition of deposits, and documenting my investigation of any differences noted.*

- 4. *I will contact the programmer and attempt to correct these issues. If this does not work, I will maintain a record to account for all receipt and batch numbers.*
- 5. *This has been implemented.*
- C. *I am currently reconciling the bank account to related liabilities on a monthly basis and plan to disburse unidentified amounts in accordance with state law.*
- D. *I am currently issuing prenumbered receipt slips for all partial payments and properly accounting for them in the partial payment account ledger.*
- E. *I will continue trying to improve the timeliness of my distributions.*

2.	Property Tax System Controls and Procedures
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The County Clerk and County Commission do not adequately review the annual settlements of the County Collector, controls over property tax book additions and abatements are not adequate, and the County Clerk did not file the back tax aggregate abstracts with the Department of Revenue (DOR) and State Tax Commission (STC) in a timely manner.

- A. Neither the County Commission nor the County Clerk adequately reviews the activities of the County Collector. The County Clerk does prepare and maintain an account book with the County Collector; however, she does not use the account book to further verify the accuracy and completeness of the County Collector's annual settlements. In addition, there was no evidence the County Commission examined and approved the County Collector's annual settlements. If a detailed review had been performed by the County Clerk and County Commission, discrepancies in the annual settlement noted in MAR finding number 1 may have been identified.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. The account book prepared by the County Clerk should be used to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate and should also be used by the County Clerk and County Commission to verify the County Collector's annual settlements. Such procedures are intended to ensure some checks and balances are in place related to the collection of property taxes.

- B. Controls and procedures over property tax additions and abatements need improvement. The County Collector and Assessor both have the capability to make changes to property tax records for additions and abatements. Since the County Collector is responsible for collecting taxes, she should not have the capability to make changes to the actual tax data. The capability to make changes

weakens controls over the accountability of property tax charges and collections. A control should be installed in the computer system to limit the County Collector's and Assessor's access to only the computerized property tax data needed to perform their duties.

In addition, the County Commission approves court orders prepared for additions and abatements at the end of each tax year. However, no independent review of the actual changes made to the tax books as compared to the approved court orders is performed. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly monitored and errors and irregularities could go undetected. Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making changes to the tax books with the approval of the County Commission.

The county's failure to follow control procedures established under statutory guidelines allows a greater opportunity for errors or inappropriate transactions to occur. To comply with the statutes and provide for the proper segregation of duties, court orders should be prepared and approved periodically by the County Commission for property tax additions and abatements. The County Clerk should periodically reconcile all approved additions and abatements to actual changes made to the property tax system. Such procedures are essential to ensure only appropriate correcting adjustments are made to the property tax records.

- C. The County Clerk did not prepare the back tax aggregate abstract for the 2007 or 2006 tax year in a timely manner. The back tax aggregate abstracts for the 2007 and 2006 tax years were not prepared until August 22, 2008 and July 26, 2007, respectively. The information needed to prepare the back tax aggregate abstract should be available at the beginning of March. Section 137.295, RSMo, provides for the County Clerk to prepare this report and forward it to the DOR and STC.

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

WE RECOMMEND:

- A. The County Clerk and County Commission should use the account book prepared by the County Clerk to review the accuracy and completeness of the County Collector's monthly and annual settlements.
- B. The County Commission revise the property tax system to limit the County Collector's and Assessor's access to only the computerized property tax data needed for their office. In addition, the County Commission and County Clerk should develop procedures to ensure any changes to the property tax system are timely and properly approved and monitored.

- C. The County Clerk prepare and file the back tax aggregate abstract with the DOR and STC in a timely manner.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will use the account book prepared by the County Clerk to review the accuracy of the County Collector's monthly and annual settlements.*
- B. *We will work with our programmer in an attempt to properly revise the property tax system to appropriately limit the County Collector's and Assessor's access. In addition, we are currently reviewing and approving tax book changes on a monthly basis.*

The County Clerk provided the following response:

- C. *I will implement this recommendation if I obtain the necessary information from the County Collector on a timely basis.*

3. Sheriff Controls and Procedures

The former Sheriff used \$3,607 of accountable fees to pay for prisoner transports, office expenses, and drug buys. In addition, supporting documentation was not retained for \$1,957 of these disbursements, and the former Sheriff did not always turn over fees to the County Treasurer on a monthly basis. Accounting duties are not adequately segregated, dual signatures are not required on checks, and two checks issued to a local grocery store and subsequently cashed did not appear to be signed by the bookkeeper. Receipts are not always deposited intact or on a timely basis, the method of payment is not always indicated on receipt slips, the composition of receipt slips issued is not reconciled to the composition of deposits, and monthly lists of open items are not prepared. The jail log maintained by the Sheriff's office did not always include the arrest or release date of the inmate, and a control log of evidence and seized property is not maintained nor is a physical inventory periodically conducted.

The Sheriff's office collected civil and criminal process fees and cash bonds during the years ended December 31, 2007 and 2006, totaling approximately \$49,000 and \$46,000, respectively.

- A. The former Sheriff used \$3,607 of accountable fees to pay for prisoner transports, office expenses, and drug buys. Most of these disbursements (\$3,350) were made during the period April through August 2008. In addition, supporting documentation was not retained for \$1,957 of these disbursements.

Supporting documentation was not retained for checks written to the former Sheriff totaling \$1,300 and checks written to a local grocery store and

subsequently cashed totaling \$400. Sheriff's office officials indicated these monies were used to transport prisoners, perform criminal investigations, and to make drug buys. In addition, documentation was not retained for office expenses of \$257. According to the Sheriff's bookkeeper, these expenses included vehicle towing for \$110, a donation to West Carter County First Responder for \$100, and a credit card fee payment for \$47.

Also, these disbursements were not approved by the County Commission and were not handled through the county's procurement process. Similar concerns relating to the Sheriff's credit cards are noted in MAR finding number 4.

Further, as a result of using accountable fees for these expenses, the Sheriff did not always turn over fees collected by his office to the County Treasurer on a monthly basis. For example, fees totaling \$1,709 collected in March 2008 were not turned over to the Treasurer until May 5, 2008. Other instances were also noted during 2008.

Accountable fees should be turned over to the County Treasurer. There is no statutory authority for the Sheriff to retain such monies outside the county treasury to make purchases. Section 50.370, RSMo, requires county officials to turn over all fees to the county treasurer monthly. In addition, all disbursements should be supported by vendor invoices to ensure the obligation was actually incurred and the disbursement is proper. If a petty cash fund is needed, one should be formally established and maintained on an imprest basis.

- B. Accounting duties are not adequately segregated. The Sheriff's bookkeeper collects monies, records transactions, makes deposits and disbursements, and reconciles the bank account. Internal controls would be improved by segregating the duties of receiving, recording, and depositing receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the accounting records should be performed by the Sheriff.
- C. The bookkeeper signs all checks and only one signature is required. The bookkeeper signed a check payable to herself for \$200 to obtain cash for a criminal transport. In addition, although the bookkeeper's name was on the signature line of the checks written to the local grocery store and subsequently cashed for \$400 (noted in A above), it did not appear to be her signature. Further, the bookkeeper issued a \$400 check and left the payee blank. Dual signatures and ensuring the payee is included on the checks would help provide assurance checks are written only for appropriate disbursements.
- D. Controls over monies collected in the Sheriff's office need improvement.
 - 1) Receipts are not always deposited intact or on a timely basis. For example, a \$50 carry and conceal permit fee received from the bookkeeper's daughter-in-law on February 8, 2006, was held and not deposited until June 14, 2006 (over 4 months later). In another example,

cash receipts totaling \$460 received on June 1, 2006, were not deposited until June 5, 2006.

- 2) The method of payment is not always indicated on receipt slips, and the composition of receipt slips issued is not reconciled to the composition of deposits.
- 3) During a cash count conducted on August 8, 2008, we noted \$74 of unidentified cash was held by the Sheriff's office.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact and in a timely manner. Also, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits. In addition, any unidentified monies on hand should be investigated and disposed of in accordance with state law.

- E. Monthly lists of open items are not prepared, and consequently, liabilities are not reconciled with cash balances. As of December 31, 2007, \$122 of unidentified funds existed in the bank account. To ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available, monthly lists of open items should be prepared and reconciled to cash balances. Any unidentified amounts in the bank account should be investigated and disposed of in accordance with state law.
- F. The jail log maintained by the Sheriff's office does not always include the arrest or release dates of inmates. As a result, prisoner board bills received from other cities and counties cannot be reconciled to the jail log. Carter County prisoners are housed in other nearby city and county jails, and the county incurred costs of approximately \$66,000 and \$42,000 to board county prisoners during the years ended December 31, 2007 and 2006, respectively. Without an accurate and complete jail log, billings cannot be verified and there is less assurance board bills paid by the county are complete and accurate.
- G. A control log of evidence and seized property is not maintained nor is a physical inventory periodically conducted. While the Sheriff's office maintains a list of evidence and seized property in each suspect's case file, a control log of all evidence and seized property is not maintained. In addition, in February 2006, a fire destroyed the majority of evidence and seized property, and an insurance claim was not filed because a control log of the evidence and seized property was not maintained.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of 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 seized property is accounted for properly.

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

WE RECOMMEND the Sheriff:

- A. Should turn over all fees to the County Treasurer on a monthly basis as required by state law. Payment of expenses should be authorized by the Sheriff and made through the county's normal disbursement process as provided for in the budgets of various funds. Further, if a petty cash fund is needed, it should be maintained on an imprest basis.
- B. Segregate accounting and bookkeeping duties to the extent possible. At a minimum, there should be documented supervisory reviews of the accounting records.
- C. Require dual signatures on all checks and ensure the payee is recorded on all checks issued.
- D. Deposit all monies received intact and in a timely manner, ensure the method of payment is recorded on receipt slips, and the composition of receipt slips issued is reconciled to the composition of deposits. In addition, any unidentified monies on hand should be investigated and disposed of in accordance with state law.
- E. Prepare monthly lists of open items and reconcile the lists to the bank balance. Any unidentified monies should be investigated and disposed of in accordance with state law.
- F. Ensure jail logs are accurate and complete and reconcile prisoner board bills to the jail logs.
- G. Prepare and maintain a complete inventory record of seized property. In addition, periodic physical inventories of seized property should be performed.

AUDITEE'S RESPONSE

The current Sheriff provided the following responses:

- A. *I will discuss utilizing a petty cash fund for expenses related to transporting prisoners and drug buys with the County Commission and will ensure supporting documentation is retained in the future.*

- B. *I will review accounting records periodically.*
- C. *I will sign all checks and require dual signatures.*
- D. *I will implement these recommendations.*
- E. *I will try and zero out the bank account monthly and disburse any unidentified amounts in accordance with state law.*
- F. *I have already implemented this.*
- G. *I am currently maintaining a control list of all seized property.*

4.	County Disbursements and Budgets
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The county did not always solicit bids nor was bid documentation always retained for various purchases, and adequate supporting documentation was not obtained or retained for some disbursements. Controls and procedures over credit cards and cellular phones maintained by the Sheriff's office need improvement. The county did not always enter into formal written agreements and did not prepare IRS Forms 1099 Miscellaneous for payments made to the Prosecuting Attorney. The County Commission amended various county budgets after disbursements had already exceeded the original budgets.

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

Items Purchased	Cost
Fuel and lubricants (2007)	\$ 71,587
Prisoner board (2007)	65,750
Used trucks	44,850
Property tax software and maintenance	25,560
Lumber (2007)	18,718

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

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

- B. Adequate supporting documentation was not obtained or retained for some disbursements. Examples include payments for an engine (\$1,060), lodging (\$1,055), and auto parts (\$762). All disbursements should be supported by paid receipts or vendor invoices to ensure the obligations were actually incurred and the disbursements represent appropriate uses of public funds.
- C. Several concerns were noted regarding the use of credit cards in the Sheriff's office. The Sheriff's office had five credit cards which were used to pay costs to transport prisoners, attend training, and purchase supplies and equipment. Credit card purchases totaled approximately \$16,000 and \$17,000 during the years ended December 31, 2007 and 2006, respectively. The County Commission discontinued the credit cards in 2008 after identifying concerns with usage. However, the Sheriff's office started using its official bank account for these purposes in 2008 and similar concerns relating to the bank account are noted in MAR finding number 3.

Individual credit card slips were not reconciled to the credit card statement each month, and adequate supporting documentation was not maintained for \$2,823 of the \$3,934 credit card purchases we reviewed. Examples include:

- Satellite television services totaling \$200 charged for personal use. Despite efforts by the county to remove this charge from the county's bill, the county eventually paid the charge plus an additional \$122 in late fees and penalties.
- Charges totaling \$229 for a listing in a registry of outstanding professionals.
- Charges totaling \$134 for fuel, food, and gun range supplies.
- Cash totaling \$90 was obtained from a local grocery store using the credit card. Sheriff's office personnel indicated the cash was obtained for drug buys or criminal investigations.
- Entertainment bargain network fees ranging from \$15 to \$17 a month and video purchases totaling \$48. The Sheriff's office personnel did not know what the network fees were for and indicated the videos were initially purchased for training; however, the videos were never used and were not currently on hand.

In addition, many of the purchases reviewed did not appear to be prudent uses of public funds.

All disbursements should be supported by paid receipts or vendor invoices to ensure the obligation was actually incurred and the disbursements represent appropriate uses of public funds. In addition, county residents place a fiduciary

trust in their public officials to disburse public funds in a necessary and prudent manner.

- D. The county has not developed a formal written policy regarding cellular phone use or guidelines to determine whether a cellular phone is needed or of benefit to the county. The Sheriff was allowed to contact the cellular phone company to set up his own accounts and obtain cellular phones without any review or approval by the County Commission. In addition, the Sheriff did not provide the County Commission with the detailed billings of calls and the billings were not retained. The Sheriff's office maintained five cellular phones and paid these phone bills through use of its credit cards during the 2 years ended December 31, 2007.

While cellular phones can help increase employee productivity, they are also costly. A formal written policy should be developed regarding cellular phones. This policy should establish a monitoring system for the assignment, use, and acquisition of cellular phones to ensure cellular phones are acquired only by allowable personnel and properly used for business purposes. In this policy, the county should consider prohibiting the personal use of cellular phones, except in case of emergency.

- E. The county did not always enter into formal written agreements defining services to be provided and benefits to be received and did not prepare IRS Forms 1099 Miscellaneous for payments made to the Prosecuting Attorney's private law office.

- The Prosecuting Attorney operates the county Prosecuting Attorney's office from his private law office. The county does not have a written agreement with the Prosecuting Attorney outlining what office, personnel, and equipment costs will be provided by the county and what costs will be provided by the Prosecuting Attorney's private practice. The county paid the Prosecuting Attorney \$100 a month during the year ended December 31, 2007. In addition, the county did not prepare IRS Forms 1099 Miscellaneous for these payments.
- The county does not have a contract with the city of Doniphan for the boarding of county prisoners. The county paid the city of Doniphan \$11,565 and \$12,812 for such services during the years ended December 31, 2007 and 2006, respectively.
- The county does not have contracts with local fire districts regarding monies distributed to them for search and rescues. The county distributed \$17,500 and \$14,000 to the fire districts during the years ended December 31, 2007 and 2006, respectively.
- The county does not have a contract with the city of Van Buren regarding monies distributed for road and bridge maintenance. The county distributed

\$14,173 and \$13,745 to the city during the years ended December 31, 2007 and 2006, respectively.

Section 432.070, RSMo, requires contracts of political subdivisions be in writing. Written contracts, signed by the parties involved, should specify the services to be provided and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. In addition, Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

- F. The County Commission amended the 2007 and 2006 budgets for various county funds on December 17, 2007, and December 18, 2006, respectively, to reflect increased disbursements made during the year. For example, the County Commission amended the General Revenue Fund and Little Black Rural Fire District Grant Fund disbursements by \$69,000 and \$29,000, respectively, for the year ended December 31, 2007. Budgets for various other funds were also amended. Prior to the amendments, disbursements had already exceeded the original budgets. While the County Commission indicated it monitors the budgets monthly, amendments were not made until the end of the year. Amendments made after disbursements have already exceeded the budgets do not allow for the budgets to be used as an effective management tool.

In addition, the County Commission neglected to submit the 2006 amendments to the State Auditor's office as required by state law.

Case law provides 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. In addition, to ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual disbursements.

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

WE RECOMMEND the County Commission:

- A. Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
- B. Ensure adequate supporting documentation is obtained and retained for all disbursements.

- C. Require adequate supporting documentation for all credit card purchases and ensure disbursements are necessary and prudent uses of public funds.
- D. Develop a formal written policy regarding the use of cellular phones, including a provision prohibiting use for personal reasons, and establish a monitoring system for the assignment, use, and acquisition of cellular phones.
- E. Enter into written agreements with all parties that clearly detail the services to be performed and the compensation to be paid or benefits received. In addition, the County Commission should ensure payments totaling greater than \$600 to non employees and unincorporated businesses are properly reported to the IRS.
- F. Refrain from approving disbursements which exceed budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended prior to incurring the actual disbursements, and filed with the State Auditor's office.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We solicited bids for some of these items; however, in the future, we will document the bidding process better.*
- B. *We will request and expect adequate supporting documentation be provided for all disbursements.*
- C. *Currently, the Sheriff's office only has fuel credit cards, which we have limited to fuel purchases only, and we are requiring adequate supporting documentation be submitted prior to paying the monthly bill.*
- D. *We will develop and implement a formal written cellular phone policy, including prohibiting personal use. The cellular phone agreement is currently in the county's name, and we will contact the cellular company and request all phone bills be sent directly to the County Clerk's office, which will enable us to better monitor cellular phone costs.*
- E. *We will enter into written agreements with all parties in the future. In addition, we will obtain documentation from the Prosecuting Attorney to indicate the monies paid to him are for office expenses. Therefore, a Form 1099 will not be needed.*
- F. *We monitor budget and actual disbursements for the General Revenue, Road and Bridge, and Assessment Funds on a monthly basis. In the future, we will amend budgets in a more timely manner and monitor other funds.*

The county has not established adequate written personnel policies to address various personnel issues. The county's policy does not address the number of hours to be worked by each employee in a normal day or work week, and as a result, it is not clear when employees should earn overtime. The county's personnel policy states overtime will be paid for all hours worked over the "...normal day's work schedule." The County Clerk indicated courthouse employees are required to work 35 hours a week, while road and bridge and Sheriff's office employees are required to work 40 hours a week. Also, some road and bridge department employees work four 10 hour days and others work five 8 hour days. As a result, some county employees are paid for overtime for hours in excess of 35 hours a week, while others are paid for overtime for hours in excess of 40 hours a week.

In addition, the current personnel policy does not address the number of required hours worked in a year to receive employee benefits. The County Clerk indicated employee benefits are given to employees who work more than 1,000 hours in a year. Further, the current personnel policy does not address how holiday pay is to be handled. Employees of the Sheriff's office, who work on a holiday, are paid double their regular rate of pay. Also, the current personnel policy does not require all employees of the county to prepare timesheets and file them with the County Clerk. Timesheets and records of vacation or sick leave earned, taken, and accumulated are not maintained for the Prosecuting Attorney's secretary.

Detailed written policies are necessary to provide guidance to county employees, provide a basis for proper compensation, ensure equitable treatment among employees, avoid misunderstandings, and ensure compliance with the Fair Labor Standards Act. In addition, records of actual time worked and related leave records should be prepared and filed with the County Clerk's office to document work performed and support payroll disbursements.

WE RECOMMEND the County Commission review its current personnel policy and practices and revise the policy as needed. In addition, the County Commission should require the Prosecuting Attorney's secretary prepare and file timesheets and leave records with the County Clerk's office.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will develop a new personnel policy and require the Prosecuting Attorney's secretary to prepare a timesheet.

6.

Property Records and Procedures

The County Clerk's procedures to account for county property are not sufficient and county property records are not complete. County property records do not include the value of the newly constructed Justice Center. The county's insurance policy valued this building at approximately \$150,000. In addition, the County Clerk has no procedures in place to identify property purchases and disposals throughout the year. For example, the Assessor purchased computer equipment in April 2006, totaling \$8,206, and the Associate Circuit Clerk purchased a document shredder in December 2007, costing \$3,039 which were not added to the capital asset records, nor were these items tagged with a county property tag. While each of the various county departments submitted annual physical inventory reports, these reports were not reviewed for accuracy or used to monitor property additions.

Adequate property records and monitoring procedures by the County Clerk are necessary to ensure compliance with Section 49.093, RSMo, and provide adequate internal controls over county property. The comparison of periodic inventories to overall county property records could potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Property control tags should also be affixed to all capital assets to help improve accountability and ensure assets are properly identified as belonging to the county.

WE RECOMMEND the County Clerk review physical inventory reports received from each of the county departments for accuracy and utilize them to monitor property additions and dispositions. In addition, property control tags should be affixed to all capital assets.

AUDITEE'S RESPONSE

The County Clerk provided the following response:

I will try to implement this recommendation.

7.

Treasurer's Salary

It is unclear whether the County Treasurer should have received a salary increase for the year ended December 31, 2007. Section 54.261, RSMo 2003, allowed for an increase in the County Treasurer's annual salary to \$29,000 for the beginning of her new term in 2007. However, when the salary commission met in November 2005, it did not approve this change in salary, and the County Treasurer's annual salary remained at \$21,460, the salary level set by Section 54.261, RSMo 2000.

WE RECOMMEND the County Commission review this situation with legal counsel to ensure actions taken were in accordance with state law.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will obtain a legal opinion.

8. County Clerk Bank Accounts

The County Clerk maintains three bank accounts to process grant monies received for the Justice Center Grant Fund, Siren Warning Grant Fund, and Little Black Fire District Grant Fund. There is no statutory authority that allows the County Clerk to hold these accounts outside the county treasury.

The County Clerk received over \$60,000 and \$179,000 and disbursed over \$90,000 and \$179,000 in the Justice Center Grant Fund and Little Black Fire District Grant Fund, respectively, during the year ended December 31, 2007. The County Clerk received \$15,000 in the Siren Warning Grant Fund during the year ended December 31, 2006, and these monies were not spent as of December 31, 2007.

Special revenue funds should be maintained by the County Treasurer and disbursed only as authorized by a warrant approved by the County Commission and signed by the County Clerk. Section 50.550, RSMo, authorizes the County Commission to establish separate funds as necessary.

WE RECOMMEND the County Commission require the County Clerk to turn over custody of the Justice Center Grant Fund, Siren Warning Grant Fund, and Little Black Fire District Grant Fund bank accounts to the County Treasurer.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The Little Black Fire District Grant bank account has been closed, and we plan to close out the other two bank accounts in the future. In the future, we will ensure all bank accounts are maintained by the County Treasurer.

9. Circuit Clerk Controls and Procedures

The accrued cost list is not accurate and is not reviewed by the Circuit Clerk. The Circuit Clerk has not reviewed the list of open items to ensure monies on hand have been disposed of in a timely manner.

The Circuit Clerk processed receipts totaling approximately \$231,000 and \$50,000 during the years ended December 31, 2007 and 2006, respectively, in civil and criminal case fees, fines, and bonds.

A. The accrued cost list is not accurate and the Circuit Clerk does not review the complete list. Upon our request, the Circuit Clerk requested the Office of State Courts Administrator (OSCA) to generate a report of accrued costs due to the Circuit Clerk as of July 2008; the list totaled \$63,878. The following concerns were identified during our review of five cases included on this report:

- The report included a case with \$350 in costs related to an Associate Court case. A new case number was assigned to the same case by the Circuit Court and the balance paid, but the original Associate Court case had not been voided on the system.
- The report included a case with \$200 due at the end of the defendant's probationary period; however, the defendant was released from probation in June 2007, and no action was taken by the court to collect these monies.
- The report included a case with \$184 due; however, amounts due were paid according to the case file and the defendant's probation officer. The Circuit Clerk indicated she needed to review this case file more thoroughly to determine the error.

To ensure amounts due are accurately recorded and reasonable, and collection procedures are effective, the Circuit Clerk should establish procedures to review the complete accrued cost list.

B. The Circuit Clerk has not reviewed the list of open items she prepares each month to ensure monies on hand have been disposed of in a timely manner. The July 29, 2008 open items list totaled \$17,535, and the following concerns were identified:

- The list included a case which was closed in September 2003; however, \$1,010 was still on hand.
- The list included a case which was closed in June 2007; however, \$297 was still on hand.

Procedures should be adopted to routinely follow-up on old open items and disburse amounts when the applicable case is closed. For unclaimed amounts, various statutory provisions provide for the disposition of unclaimed monies.

WE RECOMMEND the Circuit Clerk:

A. Establish procedures to review the accrued cost list for accuracy.

- B. Establish procedures to review open items on hand and attempt to identify all closed cases with open items and disburse these amounts. Any unclaimed or unidentified monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *On the first case in question, the computer system will not allow me to void any balance or case in the Associate division. I will work with the Associate Clerk to have this amount due voided. On the second case, the restitution is paid through the Prosecuting Attorney's office. I will review the accrued cost listing for any restitution that has been paid through the Prosecuting Attorney's office. On the third case, the costs were duplicated in the system and I have deleted the duplicated costs.*
- B. *The first case in question is a condemnation case and I cannot pay out monies deposited with the court without a pay-out-order signed by the judge. On the second case in question, only a part of the costs have been paid; however, I will send a partial payment of costs due to the applicable parties.*

10. Associate Circuit Court Controls and Procedures

Receipts are not always deposited intact or on a timely basis. Monitoring procedures related to accrued costs are not adequate, and the Associate Circuit Clerk does not review the list of open items to ensure monies on hand are disposed of in a timely manner. The Associate Circuit Court did not prepare budgets or publish financial statements for the Law Library and Associate Circuit Court Interest Funds.

The Associate Circuit Court collected and disbursed civil fees, fines, and bonds totaling approximately \$350,000 annually.

- A. Receipts are not always deposited intact or on a timely basis. For example, cash of \$830 received on July 1, 2008, was still on hand during a cash count conducted on July 10, 2008. Other monies received after this receipt had been deposited prior to our cash count. In addition, even though a deposit was made on December 14, 2006, monies received on December 13, 2006, totaling \$951 (including cash of \$489), were held and not deposited until December 18, 2006.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact on a timely basis.

- B. Monitoring procedures related to accrued costs are not adequate. The Associate Circuit Clerk relies on probation and parole officers to ensure monies owed to the court are paid. Upon our request, the Associate Circuit Clerk requested OSCA to generate a report of accrued costs due to the Associate Circuit Court as of

July 2008; the list totaled \$186,132. Four of five cases reviewed had been dismissed by the judge, but were still included on this report.

The Associate Circuit Clerk should establish written procedures for monitoring accrued costs and reviewing the listing for accuracy.

- C. The Associate Circuit Clerk prepares a monthly open items list for the fee account and compares the total open items with the reconciled cash balance of this account; however, she does not review the list to ensure monies on hand are disposed of in a timely manner. The December 31, 2007 open items list totaled \$13,709, and the following concerns were identified during our review of five open items included on the list:
- The list included three cases where checks were written and subsequently voided when the payee had not cashed the checks. No effort has been made to disburse these monies since June 2007.
 - The list included a case with a balance on hand which was to be refunded in August 2007.

Procedures should be adopted to routinely follow-up on old open items and disburse amounts when the applicable case is closed. For unclaimed amounts, various statutory provisions provide for the disposition of unclaimed monies.

- D. The Associate Circuit Court did not prepare budgets for the Law Library and Associate Circuit Court Interest Funds for the years ended December 31, 2007 and 2006, and as a result, the County Clerk did not have the needed information to publish financial statements for these funds.

Chapter 50, RSMo, requires officials and the county to prepare annual budgets for all funds and prohibits the disbursement of public funds without an approved budget that has been filed with the State Auditor's office. In addition, Section 50.800, RSMo, provides details regarding the various information required to be provided in the county's annual published financial statements and requires receipts, disbursements, and beginning and ending balance information be presented for all funds. Complete published financial statements are needed to adequately inform the citizens of the county's financial activities and show compliance with statutory requirements.

WE RECOMMEND the Associate Circuit Court:

- A. Deposit all monies intact and in a timely manner.
- B. Establish procedures to routinely follow-up on monies owed to the court and review the accrued cost list for accuracy.

- C. Establish procedures to review open items on hand, and attempt to identify all closed cases with open items and disburse these amounts. Any unclaimed or unidentified monies should be disposed of in accordance with state law.
- D. Prepare budgets and ensure financial information is provided to the County Clerk for published financial statements for the Law Library and Associate Circuit Court Interest Funds.

AUDITEE'S RESPONSE

The Associate Circuit Clerk provided the following responses:

- A. *I will try to deposit intact and more timely in the future.*
- B. *I will review the accrued cost list for additional cases which may have been dismissed and remove them from the list to ensure accuracy.*
- C. *I disposed of these open items when our courts were consolidated a few months ago.*

The Associate Circuit Judge provided the following response:

- D. *This was an oversight and has been corrected.*

11.	Prosecuting Attorney Controls and Procedures
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Accounting duties are not adequately segregated, receipt slips are not issued for all monies received, and monies received are not always transmitted to the County Treasurer in a timely manner.

The Prosecuting Attorney's office remitted bad check related fees to the County Treasurer for deposit into the Prosecuting Attorney Bad Check Fund totaling approximately \$3,800 and \$5,700 during the years ended December 31, 2007 and 2006, respectively. Bad check restitution is remitted directly to the merchants.

- A. The duties of receiving, recording, and transmitting monies are not adequately segregated. The Prosecuting Attorney's secretary performs all of these duties. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Prosecuting Attorney.
- B. Prenumbered receipt slips are not issued for all monies received. Receipt slips are only issued for monies received in person. Also, checks and money orders are not

restrictively endorsed immediately upon receipt. Without issuing and accounting for prenumbered receipt slips for all monies collected, the office cannot ensure all monies collected are ultimately accounted for and deposited. Further, to reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

- C. Monies received are not always transmitted to the County Treasurer in a timely manner. For example, bad check fees totaling \$865 received in August 2008 were not transmitted to the County Treasurer until October 3, 2008. Several other instances of untimely transmittals were identified. To adequately account for collections and reduce the risk of loss or misuse of funds, monies received should be transmitted to the County Treasurer on a timely basis.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney or an independent person should perform documented reviews of the accounting records.
- B. Require prenumbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips be accounted for properly. In addition, checks and money orders should be restrictively endorsed immediately upon receipt.
- C. Transmit all monies received to the County Treasurer on a timely basis.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following written responses:

- A. *I shall personally and regularly review all bad check records and thereupon place my initials on same.*
- B. *My office now maintains prenumbered receipt slips for all monies received. You may check same whenever you wish. But, we handle no cash; all money orders or cashiers checks are completely filled in and made payable to the creditor or county when we accept same: so, we will not be endorsing them.*
- C. *We handle no cash. All money orders or cashiers checks will be delivered to the proper person on a timely basis. However, we are too busy with other duties to transmit same daily or even weekly.*

The Senior Citizens Service Board does not have written contracts with the two nutrition centers it provided funding to and does not adequately monitor the monies provided. Minutes were not retained for board meetings held during the years ended December 31, 2007 and 2006, and minutes prepared for meetings held during the year ended December 31, 2008, were not signed by the preparer or board president and did not always record the votes cast by each individual board member.

- A. The board has not entered into written contracts with the two nutrition centers it provided funding to and does not adequately monitor the monies provided. The board paid approximately \$21,000 to these two centers during the 2 years ended December 31, 2007.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstanding. In addition, to ensure the board funds are properly disbursed, financial reports documenting how funds are spent should be obtained from the centers and reviewed by the board.

- B. Minutes were not retained for any meetings held during the years ended December 31, 2007 or 2006. The board secretary indicated the board only met in January of each year to approve disbursements. During the year ended December 31, 2008, board minutes were not signed by the preparer or board president and did not always record the votes cast by each individual board member. The minutes typically indicated motions were approved, but a record of how each member voted was not documented.

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

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

WE RECOMMEND the Senior Citizens Service Board:

- A. Enter into written contracts for all funding requests that clearly detail services to be performed and the compensation to be paid or benefits received, and require

these entities to provide financial reports documenting how funds provided by the board are spent.

- B. Ensure minutes are signed by the board president or other board member, a record of votes taken is documented, and all minutes are retained.

AUDITEE'S RESPONSE

The Senior Citizens Service Board provided the following responses:

- A. *We will enter into written contracts with the nutrition centers and require them to submit periodic financial reports for the board's review and approval.*
- B. *We will comply with this recommendation.*

13.

Senate Bill 40 Board

The Senate Bill 40 Board did not submit budgets to the County Clerk in a timely manner, and as a result, the County Clerk did not have the necessary information to publish financial statements. Board minutes were not signed by the preparer or board president and did not always record the votes cast by each individual board member.

- A. The Senate Bill 40 Board did not submit budgets to the County Clerk for the years ended December 31, 2007 and 2006, in a timely manner, and as a result, the County Clerk did not have the needed information to publish financial statements for these funds.

Section 50.800, RSMo, provides details regarding the various information required to be provided in the board's annual published financial statements and requires receipts, disbursements, and beginning and ending balance information be presented for all board funds. Complete published financial statements are needed to adequately inform the citizens of the board's financial activities and show compliance with statutory requirements.

- B. Board minutes were not signed by the preparer or board president. In addition, board minutes did not always record the votes cast by each individual board member. The minutes typically indicated motions were approved, but a record of how each member voted was not documented.

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

imperative the minutes be prepared to clearly document all business and discussions conducted.

WE RECOMMEND the Senate Bill 40 Board:

- A. Ensure financial information is provided to the County Clerk in a timely manner for the published financial statements.
- B. Ensure minutes are signed by the board president or other board member, and a record of votes taken is documented.

AUDITEE'S RESPONSE

The Senate Bill 40 Board provided the following written responses:

- A. *The budget was turned into the County Clerk after the deadline; therefore, it did not get published. The president and secretary of the board will be more diligent in the future to get the budget turned into the County Clerk in a timely manner.*
- B. *We will sign the minutes of the previous meeting after they have been approved. In the future, the secretary will record all votes cast by each individual member, unless all members voted the same.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CARTER COUNTY
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

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

Carter 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 5,428 in 2000. The assessed valuation for the year ended December 31, 2007, was:

Real estate	\$ 32,581,060
Personal property	11,696,759
Railroad and utilities	<u>2,261,457</u>
Total	<u>\$ 46,539,276</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.

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

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50%
General	.0050	None	N/A

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:	\$	
Gene Oakley, Presiding Commissioner		21,140
Eddie Ballard, Associate Commissioner		19,140
Lynn Murdick, Associate Commissioner		19,140
Pauline Peterman, Recorder of Deeds		29,000
Rebecca Simpson-Gibbs, County Clerk		29,000
Ernie Richardson, Prosecuting Attorney		37,000
Greg Melton, Sheriff		36,000
Margie Duncan, County Treasurer		21,200
Dennis McSpadden, County Coroner		8,000
Mary Jo Sanders, Public Administrator		20,000
Jennifer Clark-Williams, County Collector, year ended February 28 (29),	29,000	
George Meyers, County Assessor (1), year ended August 31,		29,688

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

State-Paid Officials:

Cathy Duncan Terry, Circuit Clerk	51,197
Michael Ligons, Associate Circuit Judge	101,090

The county has entered into a lease purchase agreement for road and bridge equipment. At December 31, 2007, the principal balance of the lease totaled approximately \$150,000. Principal and interest payments are made from the Special Road and Bridge Fund.