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Missouri State Auditor

Cooper County

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Missouri State Auditor

YELLOW SHEET

Findings in the audit of Cooper County

Sheriff's Compensatory Time	The current Sheriff had a balance of 1,225 hours of compensatory time that was earned while he was a deputy. Upon becoming Sheriff, the Sheriff and County Commission entered into a verbal agreement that the Sheriff would not seek payment for his compensatory time earned as a deputy. However, this agreement and the nonpayment of compensatory time earned while he was a deputy may be in violation of the Fair Labor Standards Act.
Allocation of Costs	The county has not documented its basis for transferring amounts from the Law Enforcement Center (LEC) Fund to the Enhanced 911 (E911) Fund for salary and benefit costs. The county pays the salaries and benefits of most employees in the E911 Center from the E911 Fund and transfers monies from the LEC Fund to the E911 Fund to reimburse for the non-emergency dispatching performed. In addition, the county has no documentation to support the reasonableness of costs shared by the E911 and the General Revenue Funds for the salary of one employee performing services for both funds. No timesheets are prepared and the county has no record of actual time spent by this employee in performing the duties related to the two county funds. Similar conditions were noted in our prior report.
Disbursements	The county does not have a formal policy regarding reimbursement to Sheriff deputies for use of their personal cellular phones for county business. A cost analysis of leasing versus purchasing a 2006 Harley Davidson motorcycle to determine which method was the most cost effective was not performed. The motorcycle was purchased for \$13,500 and does not appear to be an efficient use of public monies as leasing was significantly less than purchasing. Records of fuel use by the Road and Bridge Department are not adequately reviewed, and gallons purchased are not reconciled to gallons dispensed as recorded in fuel logs. In addition, the logs contain no information regarding odometer or operating hour readings with which to review the reasonableness of the fuel use. Inventory records and a log of plat books sold or given away are not maintained.
Capital Assets	The County Commission has not established a written policy related to the handling and accounting for capital assets. Procedures and records to account for county property are not adequate. Although the County Clerk does maintain capital asset lists for each office, the lists are not complete and procedures have not been established to ensure their accuracy.
Sheriff's Accrued Costs	Procedures related to the monitoring of unpaid accrued costs for jail board billings, jail medical billings, and mileage reimbursement for serving criminal and civil papers are not adequate. By not adequately monitoring unpaid accrued costs, these costs could remain uncollected and may result in lost revenue.

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SUSAN MONTEE, JD, CPA

Missouri State Auditor

To the County Commission
and
Officeholders of Cooper County

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

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

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

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

The accompanying Management Advisory Report presents our findings arising from our audit of Cooper County.



Susan Montee, JD, CPA
State Auditor

The following auditors participated in the preparation of this report:

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Cooper County Management Advisory Report State Auditor's Findings

1. Sheriff's Compensatory Time

The current Sheriff had a balance of 1,225 hours of compensatory time as of December 31, 2008, which was earned while he was a deputy. Upon becoming Sheriff in January 2009, the Sheriff and County Commission entered into a verbal agreement that the Sheriff would not seek payment for his compensatory time earned as a deputy. However, this agreement and the nonpayment of compensatory time earned while he was a deputy may be in violation of the Fair Labor Standards Act (FLSA) that states any compensatory time in excess of 480 hours must be paid to the employee. As Sheriff, compensatory time is no longer earned; however, to ensure compliance with the FLSA, the County Commission should consult with legal counsel and consider paying the Sheriff any compensatory time earned while he was a deputy.

Recommendations

The County Commission consult with its legal counsel to ensure compliance with the FLSA.

Auditee's Response

The County Commission provided the following written response:

The Commission is aware of the potential salary liability existing in the Sheriff's Department due to a compensatory time balance in excess of 480 hours. The Commission will consider approving payment if included in the Department 2010 budget request after consulting legal counsel.

2. Allocation of Costs

The county has not adequately documented its methods for allocating certain costs related to emergency communications and operations among the various county funds.

Cooper County has an enhanced 911 emergency dispatching system located in the county's Law Enforcement Center (LEC). The system is funded by the Enhanced 911 (E911) Fund and the LEC Fund. Disbursements from the E911 Fund for the 2 years ended December 31, 2008, totaled approximately \$1,021,000 for employee salaries and benefits, equipment, telephone service charges, and other costs.

2.1 Law Enforcement Center Fund transfers

The county has not documented its basis for transferring amounts from the LEC Fund to the E911 Fund for salary and benefit costs. The county pays the salaries and benefits of most employees in the E911 Center (an assistant administrator, three supervisors, and seven dispatchers) from the E911 Fund and transfers monies from the LEC Fund to the E911 Fund to reimburse for the non-emergency dispatching performed. During the 2 years ended December 31, 2008, \$100,000 was transferred each year.

The Presiding Commissioner indicated the amounts transferred roughly represent the salary and benefit costs for several of the E911 staff. The county believes it is appropriate for the LEC Fund to reimburse the E911 Fund for these costs because the E911 employees dispatch for law



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enforcement services. However, the county has no documentation to demonstrate how the annual transfer amount was derived and has undertaken no study to determine whether the amounts transferred are fair based on the relative work load of the E911 staff.

The county should base transfer amounts on a measure of actual activity and document the basis to ensure amounts charged to each fund for these shared expenses are reasonable.

2.2 Enhanced 911 Fund transfers

The county has no documentation to support the reasonableness of costs shared by the E911 and General Revenue (GR) Funds for the salary of one employee performing services for both funds. The county employs one person to direct both the county's E911 operations and emergency management operations (GR Fund). His salary and benefits are paid from the GR Fund, with the E911 Fund reimbursing the GR Fund for his salary related to his duties as E911 Director. For the 2 years ended December 31, 2008, salary expenses paid from the GR Fund for this employee totaled approximately \$82,000 with reimbursements from the E911 Fund of approximately \$56,000. No timesheets are prepared and the county has no record of actual time spent by this employee in performing the duties related to the two county funds. The county should require the employee prepare timesheets detailing his hours spent by function to determine the appropriate division of costs between the two funds.

Statutory restrictions and documentation

The LEC and E911 Funds have statutory restrictions on their allowable uses. To ensure compliance with these statutory restrictions, adequate documentation is needed to support the basis for each fund's portion of shared expenses.

Similar conditions were noted in our prior report.

Recommendations

The County Commission:

- 2.1 Base transfers from the LEC Fund to the E911 Fund for salary reimbursements upon an estimate of actual activity and maintain documentation of the calculation. Future transfers should be made in accordance with documented plans. In addition, a periodic comparison of estimated activity to actual activity should be performed.
- 2.2 Require the Emergency Management/E911 Director prepare timesheets documenting hours worked by function. The County Commission should allocate the Director's salary costs between the funds based on actual time worked.



Auditee's Response

The County Commission provided the following written responses:

2.1 *The LECF was established with voter approval, authorizing a sales tax for the purpose of providing law enforcement services, including operation of a law enforcement and communication center.*

For Law enforcement, the communications staff (911/Emergency Management) provides multiple services including but not limited to:

- a.) *Receiving and relaying all non-emergency law enforcement calls during the Sheriff's Department non-business hours (approximately 6,500 hours per year).*
- b.) *Providing all law enforcement dispatching services 24/7/365.*
- c.) *All MULES transactions including warrant registry. Total input and response transactions per Missouri State Highway Patrol 2008 summary was 92,578 transactions.*

The Commission continues to monitor the work activity level involved and believe that the level of funding (approximately 10% of the LECF) transferred to the E911 Fund for law enforcement services is supportive and reasonable. We feel maintaining the exact work activity documentation implied in the audit would be burdensome and counter productive.

2.2 *The Commission does not require timesheets from salaried department heads. The responsibilities of these positions often requires time commitments in excess of normal working hours. The Commission and the employee support the current salary mix between the GRF and the E911 Fund as fair and reasonable. We will discuss with the Department Head setting up a system of weekly recordkeeping to allocate the percentage of time spent in support of each function. At the end of each year, the calculated percentage for each function will be used in the budget process. We propose an implementation date of July 1, 2009.*

3. Disbursements

The county does not have a formal policy regarding reimbursement to Sheriff deputies for use of their personal cellular phones for county business, and a motorcycle was purchased by the county without performance of a cost analysis. In addition, records of fuel use by the Road and Bridge Department employees are not adequately reviewed, and inventory records are not maintained to account for plat books.



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3.1 Cellular phones

The county does not have a formal policy regarding reimbursement to Sheriff deputies for use of their personal cellular phones for county business.

The county reimburses the Sheriff deputies for the use of their personal cellular phones. However, the deputies are not consistent in the amount they request for reimbursement. Some deputies request full reimbursement of their cellular phone bill while others request reimbursement for half of their phone bill or a portion of their bill. Generally, two to five deputies monthly request reimbursement. For the 2 years ended December 31, 2008, deputies were reimbursed \$2,408 which is approximately 67 percent of the total bill for those instances where supporting documentation was included. Additionally, \$203 was paid without supporting documentation. Based on possible use of personal cellular phones for business use, this rate of reimbursement does not appear reasonable. However, without a policy in place, it is not possible to determine the reasonableness of the amounts reimbursed.

Consideration should be given of the need to reimburse the deputies for their personal cellular phone use. If the need exists, a formal written policy should be developed regarding cellular phones which includes reimbursement and documentation provisions.

3.2 Cost analysis

A cost analysis of leasing versus purchasing a motorcycle to determine which method was the most cost effective was not performed. A 2006 Harley Davidson motorcycle costing \$13,500 was purchased in April 2007 with monies from the Sheriff's Fund. Prior to this, the motorcycle was leased during 2006 for only \$500 per year. The motorcycle was purchased in 2007 after notification was received that the 2007 annual lease amount would increase to \$1,100. This does not appear to be an efficient use of public monies as leasing was significantly less than purchasing.

3.3 Fuel use

Records of fuel use by the Road and Bridge Department are not adequately reviewed. Gallons purchased by the Road and Bridge Department are not reconciled to gallons dispensed as recorded in fuel logs. During the 2 years ended December 31, 2008, the county spent approximately \$326,000 on fuel for approximately 20 pickups and dump trucks and a number of graders, tractors, loaders, and other equipment items used by the Road and Bridge Department. The Road and Bridge Department employees dispense fuel into the equipment and vehicles from fuel tanks leased by the county and located at various sites in the county. Procedures provide for the employees to record the date, employee name, vehicle description, and gallons pumped on logs maintained at the sites. However, there is no reconciliation of gallons purchased to gallons dispensed. In addition, the logs contain no information regarding odometer or operating hour readings with which to review the reasonableness of the fuel use.



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To ensure the reasonableness and propriety of fuel use and disbursements, fuel logs should be reconciled to fuel purchased and on hand. In addition, odometer or operating hour readings should be recorded and reviewed. Failure to account for fuel use could result in loss, theft, or misuse going undetected.

This condition was noted in our prior report.

3.4 Plat books

Inventory records and a log of plat books sold or given away are not maintained. A total of 750 plat books were purchased in February 2007 at a cost of \$13,700 (approximately \$18 each). These plat books are sold for \$20 each.

To ensure all monies collected are accounted for adequately, the County Clerk should reconcile the number of plat books on hand to the total number of plat books sold or given away. Any differences should be investigated.

Recommendations

The County Commission:

- 3.1 Work with the Sheriff to develop formal policies and procedures for cellular phone reimbursement. The policy should address the reimbursement of county business calls to ensure reimbursements are handled in a consistent manner.
- 3.2 Perform a cost analysis when determining whether to lease or buy equipment.
- 3.3 Ensure the Road and Bridge Department fuel use logs are periodically reconciled to fuel purchased and on hand. In addition, the County Commission should ensure odometer or operating hour readings are recorded and reviewed.
- 3.4 And the County Clerk maintain adequate and complete records of the number of plat books sold, given away, or used by the county and periodically reconcile the number of plat books reported on the inventory to the number of plat books on hand.

Auditee's Response

The County Commission provided the following written response:

- 3.1 *The Commission agrees. The Sheriff's Department has entered into a "Local Government Entity Authorized User Agreement" with a vendor to provide cell phones to department personnel. A Policy is being developed. Reimbursement for business use of personal cell phones will cease. We expect the new policy to be in place by July 1, 2009.*



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The Sheriff provided the following written response:

- 3.1 *While the Sheriff's office did not previously have a policy regulating reimbursement to Deputies for use of their personal cell phones they did make attempts to be fair to the citizens in regard to reimbursements. Deputies routinely use their cell phones for county business.*

In response to the State Auditor's findings, the Sheriff's office has, with the approval of the County Commission, purchased cellular phones for use by the Sheriff's office personnel for county business. A cellular phone policy is currently being developed and is nearing draft form and will be adopted by the Sheriff's office by July 1, 2009.

Reimbursement for calls made on personal cell phones for county business will no longer be reimbursed except for certain definable emergency situations.

The County Commission provided the following written responses:

- 3.2 *The Commission agrees with the audit finding and did not endorse the motorcycle purchase. However, the purchase was funded from the "Sheriff's Civil Fund" created by statute as a special use fund at the discretion of the Sheriff. The County Commission has no responsibility in administering this fund.*

- 3.3 *The Commission agrees with the audit finding. The Commission will revise the current fuel log system to ensure that the Road and Bridge Department fuel use logs, to include odometer/hour meter readings, are periodically reconciled to fuel purchases and on hand. Expected implementation date is August 1, 2009.*

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

- 3.4 *The number of plat books were counted on May 1, 2009. A spreadsheet was developed to track the number of plat books sold, supplied to other agencies at no cost, and for county use. Periodically, this will be reconciled to the number of plat books remaining.*

4. Capital Assets

The County Commission has not established a written policy related to the handling and accounting for capital assets. Procedures and records to account for county property are not adequate. Although the County Clerk does maintain capital asset lists for each office, the lists are not complete



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and procedures have not been established to ensure their accuracy. In addition, each county official or their designee is responsible for performing periodic inventories and inspections.

The County Clerk maintains inventory lists of capital assets held by county officials. To aid in the recordkeeping process, the County Clerk has a practice of sending yearly letters to all elected officials and department heads requesting the performance of physical inventories; however, the County Collector, Sheriff, Circuit Clerk, Associate Circuit Judge, Public Administrator, Prosecuting Attorney, and the E911 and Emergency Management Department did not perform inventories or submit reports for 2008. In addition, several capital assets purchased during the 2 years ended December 31, 2008, were not added to the list, including a boom mower costing \$26,796 and a copier in the Prosecuting Attorney's Office costing \$4,754. Capital asset purchases are not reconciled to capital asset records, and records are not maintained in a manner that balances can be reconciled from period to period. Capital asset dispositions are supposed to be indicated on the inventory lists, but this is not always done since the inventory lists are not submitted to the County Clerk.

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 assets are properly identified as belonging to the county.

This condition was noted in our two prior reports.

Recommendations

The County Commission establish a written policy related to the handling and accounting for capital assets. In addition to providing guidance on accounting and recordkeeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, inventories and inspections should be performed by each county official and the County Clerk, and capital asset purchases should be periodically reconciled to capital asset additions.



Auditee's Response

The County Commission provided the following written response:

The County Commission agrees that all county elected officials and department heads should positively adhere to the statutory responsibilities and guidelines for property inventory set forth in Section 49.093. However, the Commission respectfully disagrees that a County written policy be established for inventorying of County assets when the State statute is so clear in its directive.

5. Sheriff's Accrued Costs

Procedures related to the monitoring of unpaid accrued costs for jail board billings, jail medical billings, and mileage reimbursements for serving criminal and civil papers are not adequate. The accrued costs are billed for all services provided. However, unpaid accrued costs are not tracked and no procedures are performed to monitor outstanding or to follow up on past due billings. The Sheriff's Department has not determined the total costs due.

By not adequately monitoring unpaid accrued costs, these costs could remain uncollected and may result in lost revenue. A complete and accurate list of accrued costs would allow the Sheriff to more easily review the amounts due to the county and take appropriate steps to ensure amounts are collected on a timely basis. To ensure fees received by the Sheriff's Department are maximized, the fees should be billed in a timely manner and procedures implemented to pursue delinquent amounts due.

Recommendations

The Sheriff establish adequate procedures to routinely follow up and pursue collection of accrued costs.

Auditee's Response

The Sheriff provided the following written response:

The Sheriff is currently investigating methods of more closely monitoring unpaid accrued costs. The Sheriff's office is investigating software programs to assist in this effort. The office is currently looking at methods for becoming more aggressive in its collection efforts of outstanding jail billings and jail medical costs. The Sheriff's office has already implemented a module within its Records Management System to closely track civil and criminal process and the associated costs.

Cooper County Organization and Statistical Information

Cooper County is a county-organized, third-class county and is part of the Eighteenth Judicial Circuit. The county seat is Boonville.

Cooper 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.

Elected Officials and Their Compensation Paid

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

Officeholder	2009	2008
County-Paid Officials:		
Eddie Brickner, Presiding Commissioner	\$	39,787
Bill Embry, Associate Commissioner		37,538
Charles Schlotzhauer, Associate Commissioner		37,538
Darryl Kempf, County Clerk (1)		69,159
Douglas Abele, Prosecuting Attorney		81,345
Paul Milne, Sheriff		63,510
Stanley Serck, County Treasurer		40,878
Larry D. Jones, County Coroner		18,933
Wade E. Davis, Public Administrator		56,875
Carol Nauman, County Collector (2), year ended February 28,	70,152	
James R. Lachner, County Assessor (3), year ended August 31,		56,835
State-Paid Officials:		
Jammy Brandes, Circuit Clerk and Ex Officio Recorder of Deeds		52,668
Keith Bail, Associate Circuit Judge		107,641

(1) Includes \$12,284 of commissions earned for collecting city property taxes.

(2) Includes \$13,087 of commissions earned for collecting city property taxes.

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



Cooper County
Organization and Statistical Information

Bonds used to construct the Law Enforcement Center in 1998 are currently paid through UMB Bank, N.A. Surplus revenues from the General Revenue Fund were invested in a \$228,725 certificate of deposit in August 1998. The interest earned from the certificate of deposit pays a portion of the debt payment and the remainder is paid from the Law Enforcement Center Fund. The bonds are scheduled to be paid off in 2018. The remaining principal and interest due on the bonds at December 31, 2008, was \$2,262,770.

A lease-purchase agreement was entered into with UMB Banc Leasing Corp. to lease two graders on February 11, 2008. The terms of the agreement are for UMB Banc Leasing Corp. to purchase the graders and lease the graders back to the county for payments totaling the principal and interest on the purchase price of the graders. Payments are made from the Special Road and Bridge Fund. The lease-purchase is scheduled to be paid off in 2011. The remaining principal and interest due on the lease-purchase agreement at December 31, 2008, was \$118,989.