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Missouri State Auditor

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# Stoddard County



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

May 2010

The following findings were included in our audit report of Stoddard County.

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Property tax system procedures and controls need improvement. Neither the County Commission nor the County Clerk provide adequate oversight of the activities of the County Collector-Treasurer. The County Clerk does not maintain an account book or other record summarizing property tax transactions and changes, and does not prepare or verify the accuracy of the current or delinquent tax books. In addition, controls over property tax additions and abatements are not adequate. An independent comparison of court orders to changes in the tax system is not performed by the County Clerk or the County Commission.

Several concerns were noted with accounting controls and procedures in the Sheriff's office. Cash custody and accounting duties are not adequately segregated, monies received are not always deposited intact or in a timely manner, fees are not always disbursed to the County Collector-Treasurer on a timely basis, and bank reconciliations are not performed in a timely manner. Procedures have not been established to identify and reconcile month-end liabilities to the inmate bank account balance. As a result, the Sheriff's office is unable to agree the reconciled cash balance to the individual inmate account balances and other related liabilities. Further, adequate procedures have not been established to ensure all accrued costs are identified and pursued.

Adequate records and procedures over commissary orders and the inmate accounts are not in place to ensure commissary purchases are correctly deducted from inmates' accounts, and to ensure monies are correctly transmitted to the County Collector-Treasurer. In addition, the Sheriff's office does not have adequate records or procedures over commissary inventory. Perpetual inventory records of commissary items are not accurate or reconciled to the monthly physical inventory, records are not maintained of employee commissary purchases, and monthly physical inventories are not adequately documented.

Bids and proposals were not always solicited, documentation of bids and proposals was not always retained, and the use of sole source vendors was not adequately documented. The county did not maintain adequate records of the Stoddard County Public Water Supply District 3 Waterline Extension, a federally funded project. As a result, the county could not ensure federal compliance requirements were met.

The county budgets were not adequately monitored and budget amendments were not completed in a timely manner. During 2008, the county overspent the original budgeted amounts for both the Special Road and Bridge Fund and the Capital Improvements Fund

YELLOW SHEET

by \$208,344 and \$1,287,479, respectively. Additionally, the 2009 county budget and 2008 budget amendments were not filed timely with the State Auditor's office in accordance with state law.

Other findings in the audit report relate to county property records and procedures, County Commission's meeting minutes, accounting controls and procedures of the County Collector-Treasurer, and minutes and procedures of the Emergency 911 Board.

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STODDARD COUNTY

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STATE AUDITOR'S REPORT



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

To the County Commission  
and  
Officeholders of Stoddard County

We have audited certain operations of Stoddard County in fulfillment of our responsibilities under Section 29.230, RSMo. In addition, Daniel Jones and Associates, Certified Public Accountants, was engaged to audit the financial statements of Stoddard 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. We also tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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 Stoddard County.



Susan Montee, JD, CPA  
State Auditor

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

STODDARD COUNTY  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Property Tax System</b>
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Property tax system procedures and controls need improvement. For the 2 years ended February 28, 2009, property taxes charged to the County Collector-Treasurer totaled approximately \$19 million each year. During the years ended February 28 (29), 2009 and 2008, property tax additions totaled approximately \$524,000 and \$347,000, respectively, and property tax abatements totaled approximately \$155,000 and \$167,000, respectively.

A. Neither the County Commission nor the County Clerk provide adequate oversight of the activities of the County Collector-Treasurer. The following concerns were noted:

- 1) The County Clerk does not maintain an account book or other record summarizing property tax transactions and changes, to be used to review or verify the County Collector-Treasurer's monthly or annual settlements. In addition, no evidence was provided to indicate procedures are performed by the County Commission to verify the County Collector-Treasurer's monthly or annual settlements.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other record that summarizes all taxes charged to the County Collector-Treasurer, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure the amount of taxes charged and credited to the County Collector-Treasurer each year is complete and accurate and could also be used by the County Clerk and the County Commission to verify the County Collector-Treasurer's monthly and annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

- 2) The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books. While the county's computer programmer enters the tax levies into the tax system as provided by the County Clerk, the County Collector-Treasurer extends and prints the tax books and tax statements and verifies the accuracy of amounts to be collected. There is no further involvement by the County Clerk to test or verify the accuracy of the tax books. Because the County Collector-Treasurer is responsible for collecting property tax monies, good internal controls require that someone independent of that process be responsible for generating and

reviewing the accuracy of the property tax books. A review of the tax books should include verification of individual entries in the tax books and recalculating total tax book charges.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and delinquent tax books and charge the County Collector-Treasurer with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, he should verify the accuracy of the tax books and document approval of the tax book amounts to be charged to the County Collector-Treasurer. Failure to perform reviews of the tax books and test individual tax statement computations may result in errors or irregularities going undetected.

- B. Controls over property tax additions and abatements are not adequate. The County Assessor prepares court orders for additions and abatements and submits the court orders to the County Collector-Treasurer who posts the changes to the property tax system. The County Collector-Treasurer then prints out the property tax additions and abatements report at the end of each month; however, copies of this report are not submitted to the County Clerk or the County Commission, and an independent comparison of court orders to changes in the tax system is not performed. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector-Treasurer is charged with collecting, are not properly monitored and errors or 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. An independent review of approved additions and abatements to changes made to the property tax system would help ensure changes to the property tax system records are proper.

**WE RECOMMEND:**

- A.1. The County Clerk maintain an account book with the County Collector-Treasurer and work with the County Commission to perform a thorough review of the County Collector-Treasurer's monthly and annual settlements.
- 2. The County Clerk prepare the current and delinquent tax books or, at a minimum, verify the accuracy of the tax books prior to charging the County Collector-Treasurer with the property tax amounts.
- B. The County Commission and the County Clerk develop procedures to ensure all property tax additions and abatements are properly approved and monitored.

## **AUDITEE'S RESPONSE**

*The County Commission and the County Clerk provided the following written responses:*

- A.1. With the recent retirement of the County Clerk, the County Commission is moving forward with implementation of a new software system that will enable the County Clerk's office to maintain and reconcile monthly and annual settlements.*
- 2. At one time, the County Clerk's office prepared the tax books. We will reinstitute that preparation and verify the accuracy.*
- B. The County Commission will review and approve all additions and abatements.*

<b>2. Sheriff's Accounting Controls and Procedures</b>
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Several concerns were noted with accounting controls and procedures in the Sheriff's office. The Sheriff's office maintains two bank accounts, including the inmate account for depositing and tracking inmate monies and commissary purchases (see Management Advisory Report (MAR) finding number 3), and the general account for depositing and tracking bond monies and inspection, permit, and civil fees. Deposits to the inmate account totaled approximately \$69,000 and \$84,300, and deposits to the general account totaled approximately \$253,000 and \$341,000 during the years ended December 31, 2008 and 2007, respectively.

- A. Cash custody and accounting duties are not adequately segregated. The office manager is primarily responsible for all accounting controls and procedures in the Sheriff's office, including billing and collecting monies, recording transactions, making deposits, preparing and signing checks, and completing month-end reports and reconciliations for both the inmate account and the general account. The Sheriff indicated he reviews the accounting records and reconciliations; however, these reviews are not documented. As a result, there is little assurance that all transactions are accounted for properly and accounting records are complete and accurate.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If adequate segregation cannot be achieved due to the limited staff available, the Sheriff's office should implement a documented independent or supervisory review of records by the Sheriff or another Sheriff's office employee.

- B. The Sheriff's controls and procedures over processing cash receipts are inadequate. The following concerns were noted during our review:
  - 1) Monies received are not always deposited intact or in a timely manner. For example, we noted general account receipts, totaling \$17,668

(including approximately \$14,000 in cash), collected between December 11 and December 22, 2008, were not deposited until December 22, 2008. Additionally, we noted inmate account receipts totaling \$6,400 (including \$4,487 in cash), collected during October 2008, were not deposited until December 9, 2008, and monies received during November 2008 were not deposited until January 22, 2009. Similar issues regarding the timeliness of deposits were also noted during a cash count performed in April 2009.

In addition, monies placed in the Sheriff's lockbox are not removed timely for deposit. During non-office hours, both deputies and dispatchers accept receipts for bonds, inmates, and other various fees, and such receipts are placed in a lockbox in the dispatch office. The office manager removes monies from the lockbox approximately once or twice a month to be processed with other receipts through normal depositing procedures. Monies collected and placed in the lockbox during the period of March 1 through April 23, 2009, totaling \$2,384 (including \$2,243 in cash), were not removed and deposited until April 23, 2009.

To ensure all monies are accounted for properly and to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact and in a timely manner.

- 2) Fees are not always disbursed to the County Collector-Treasurer on a timely basis. For example, fees for December 2008, totaling \$17,601, were not disbursed to the County Collector-Treasurer until February 2009.

Timely disbursement of fees collected is necessary to provide adequate controls over account balances and increase the likelihood discrepancies are promptly detected. Sections 50.360 and 50.370, RSMo, require all county officials who receive fees or any other remuneration for official services to pay such monies monthly to the County Treasurer.

- C. Bank reconciliations are not performed in a timely manner. Prior to our request for the June 2009 bank reconciliations, the general account had not been reconciled since March 2009 and the inmate account had not been reconciled since February 2009. Timely preparation of monthly bank reconciliations is necessary to ensure the bank accounts are in agreement with accounting records and to detect and correct errors.
- D. Procedures have not been established to identify and reconcile month-end liabilities to the inmate bank account balance. As a result, the Sheriff's office is unable to agree the reconciled cash balance to the individual inmate account balances and other related liabilities. When an inmate is released, the remaining cash balance in the individual account, after deductions for items such as commissary purchases or medical care, is to be paid back to the inmate. At our request, the Sheriff's office prepared a liabilities list as of June 2009, and

attempted to reconcile the list to the reconciled cash balance. The list provided showed total identified liabilities exceeded the reconciled cash balance by approximately \$5,400. Reasons for this difference could not be identified.

Monthly lists of liabilities should be prepared and reconciled to the reconciled cash balances to ensure proper accountability over inmate monies and to identify and correct errors in a timely manner. Any discrepancies should be investigated and resolved.

- E. Adequate procedures have not been established to ensure all accrued costs are identified and pursued. The Sheriff's office receives fees and mileage for serving civil papers. A form is filled out and maintained by the Sheriff's office for all papers served. When the fees are not prepaid, the Sheriff's office will send the individual a bill for services. While a copy of the bill is filed in the Sheriff's office, a list of accrued costs is not maintained and there are no procedures to monitor these costs to ensure payment is properly received for the services billed. By not monitoring accrued costs, these costs could remain uncollected and result in lost revenue.

**WE RECOMMEND** the Sheriff:

- A. Segregate accounting duties to the extent possible and ensure periodic independent or supervisory reviews are performed and documented.
- B.1. Establish procedures to ensure all receipts are deposited intact and in a timely manner.
  - 2. Disburse fees to the County Collector-Treasurer monthly in accordance with state law.
- C. Ensure bank reconciliations are performed in a timely manner.
- D. Identify inmate account liabilities and agree to the reconciled cash balance on a monthly basis.
- E. Establish procedures to routinely follow-up and pursue collection of accrued costs.

**AUDITEE'S RESPONSE**

*The Sheriff provided the following written responses:*

- A. *The Chief Dispatcher was assigned additional duties after March 2009 to assist in accounting duties.*
- B.1. *Controls will be established for weekly deposits and monthly reconciliations.*

- 2. *Controls will be established for transfer of fees to the county treasury on a monthly basis.*
- C. *Procedures have been established for monthly bank reconciliations.*
- D. *Letters have been sent to a listing of former inmates with funds owed. In addition, the Sheriff verbally indicated procedures are currently being developed to reconcile liabilities to the cash balance.*
- E. *Controls have been established to follow-up on collections of civil process monies owed to the office.*

<b>3. Sheriff's Inmate and Commissary Monies</b>
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Records and procedures over inmate and commissary monies need improvement. The Sheriff operates a jail that holds an average of 50 inmates on a daily basis. The Sheriff's office maintains the inmate monies and operates a commissary for inmates to purchase various snacks and personal items. Electronic records of receipts, disbursements, and balances are maintained for each inmate. When monies are received on behalf of an inmate, a receipt slip is issued by the dispatcher, and the amount received is posted to the inmate's account. When an inmate makes a purchase from the commissary, the disbursement is posted to the inmate's account.

- A. Adequate records and procedures over commissary orders and the inmate account are not in place to ensure commissary purchases are correctly deducted from inmates' accounts, and to ensure monies are correctly transmitted to the County Collector-Treasurer.

Once a week, inmates complete a commissary purchase order form. A jailer will then deliver the items to the inmates and deduct the amount of the purchase from each inmate's account. Once a month, the office manager prints a commissary detail report that lists out each inmate's commissary purchases and total purchases for the month. The office manager then writes a check to the County Collector-Treasurer for the total commissary purchases for the month based on the monthly detail report. The County Collector-Treasurer deposits these monies into the Sheriff's Commissary Fund, which is mainly used to purchase items for the commissary. The following concerns were noted during our review:

- 1) The Sheriff's office does not have adequate procedures in place to ensure the accuracy of commissary purchase order forms. For two of the three commissary purchase order forms reviewed, errors were noted with the mathematical accuracy of the forms. As a result, the inmates' accounts were charged incorrect amounts for their commissary purchases. To help ensure errors are identified and corrected in a timely manner, procedures should be established to review commissary purchase order forms for accuracy.

- 2) Procedures are not in place to ensure all inmate commissary purchases are included in the monthly commissary detail reports. As a result, records do not reconcile and the correct amount is not always transferred to the County Collector-Treasurer for commissary purchases made. Of the three purchase order forms reviewed, one inmate's commissary purchase was not included on the monthly detail report for December 2008. The monies were removed from the inmate's account balance in the computer system; however, the monies were never turned over to the County Collector-Treasurer. Such discrepancies in the records may account for some of the unidentified difference noted in the liabilities reconciliation (see MAR finding number 2).

To ensure proper accountability over inmate and commissary monies, and improve the likelihood of identifying and correcting errors timely, the individual order forms should be reconciled to the monthly commissary report prior to the commissary monies being turned over to the County Collector-Treasurer. Any discrepancies should be investigated and resolved.

- B. The Sheriff's office does not have adequate records or procedures over commissary inventory. Perpetual inventory records of commissary items are not accurate or reconciled to the monthly physical inventory. In addition, records are not maintained of employee commissary purchases and monthly physical inventories are not adequately documented.

The Sheriff's office maintains perpetual inventory records to track commissary items and to help determine when inventory items need to be replenished. Inventory records are adjusted for inventory purchased and when inmates order commissary items for use; however, records are not updated for employee purchases or when items are returned to the commissary, and some inventory items showed negative balances in the records. In addition, while a physical inventory is performed monthly by a jailer and reviewed by the Sheriff for unusual items, this review is not documented, and the physical inventory counts are not compared to the inventory records.

To safeguard against possible loss or misuse of items, the Sheriff's office should maintain complete and accurate inventory records and compare physical inventory counts to the perpetual inventory records at least on a periodic basis. Additionally, proper supervision by the Sheriff and documented reviews help ensure commissary records are properly maintained and help detect errors on a timely basis.

**WE RECOMMEND** the Sheriff:

- A.1. Establish procedures to ensure all commissary purchase order forms are reviewed for accuracy.

2. Reconcile monthly commissary detail reports to individual commissary purchase order forms to ensure accuracy.
- B. Establish procedures to ensure perpetual inventory records are complete and accurate. In addition, the Sheriff should ensure physical inventory counts of commissary items are properly documented and compared to the inventory records.

**AUDITEE'S RESPONSE**

*The Sheriff provided the following written responses:*

- A.1. *Controls are now in place for weekly checking of commissary order forms.*
2. *Controls have been put in place for the Jail Administrator to reconcile reports.*
- B. *A documentation file has been established for retaining inventory records. The Stoddard County Sheriff's office will continue to do physical inventory of commissary items and compare and document with commissary purchases.*

<b>4. County Disbursements</b>
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Bids and proposals were not always solicited, documentation of bids and proposals was not always retained, and the use of sole source vendors was not adequately documented. In addition, the county's system for maintaining documentation is inadequate. Of the 15 disbursements reviewed for compliance with bidding requirements, the following problems were noted.

- A. The county did not maintain adequate records of the Stoddard County Public Water Supply District 3 Waterline Extension, a federally funded project. As a result, the county could not ensure federal compliance requirements were met. The county disbursed approximately \$504,000 of federal grant funds to extend waterlines from Grayridge to Morehouse during the 3 years ended December 31, 2008. Per the County Commission meeting minutes, the county obtained bids from various contractors for this project; however, bid documentation was not maintained and a contract covering services provided could not be located. In addition, we reviewed a payment to a contractor, totaling \$119,079, and found the county did not have sufficient documentation to support the disbursement; only a handwritten note was available as support.
- B. Costs were incurred for the following goods or services without soliciting or retaining adequate documentation of competitive bids or proposals or of management decisions made:

- Property assessment data entry services, totaling \$94,100, to enter assessment data into the Assessor's new computer system.
- Guardian ad litem services, totaling approximately \$33,000 for the 2 years ended December 31, 2008.
- Document conversion services, totaling \$17,923, to convert the Recorder's records from microfilm to compact disk.
- Courthouse roof replacement, totaling \$16,653.
- Notebook computers for Sheriff's deputies, totaling \$10,098.
- Bulk mail preparation services, totaling \$6,305, to mail out personal property assessment forms.

The County Assessor indicated the property assessment data entry and bulk mail preparation services were only available through one source; however, this information was not documented. In addition, county officials indicated bids or proposals were solicited for the document conversion services, roof replacement, and computer purchases; however, documentation could not be located.

- C. The county's system for retaining various disbursement related documentation is not adequate. During the course of our audit, bids, contracts, and proposal documentation was maintained at various locations, and as noted above, some documentation could not be located. Some documentation was maintained by the various officials, other documentation by the County Clerk, and at times, neither the County Clerk nor the other officials knew which official should or did maintain the documentation. Record retention is necessary to ensure the validity of transactions and provide an audit trail.

Section 50.660, RSMo, provides guidance on bidding requirements and procedures. Routine use of a competitive procurement process 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 bids or proposals received, transactions made, and the county's selection process and criteria (including sole source procurement) should be retained to effectively demonstrate compliance with state and federal laws (including state documentation retention laws), to support management decisions made, and to readily produce records upon request and refer to documentation should questions arise.

Similar conditions were noted in our prior audit report.

**WE AGAIN RECOMMEND** the County Commission establish procedures to obtain bids or proposals for all major purchases and services and retain documentation of these bids and proposals as well as sufficient documentation supporting vendor payments.

**AUDITEE'S RESPONSE**

*The County Commission provided the following written response:*

*With the exemption of emergency situations, we have taken bids from various vendors. Due to poor record retention, the supporting documentation was not found. Our new County Clerk will institute procedures for filing and record retention.*

<b>5. County Property Records and Procedures</b>
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The county's property records are not up to date and the various county officials are not complying with statutory provisions related to accounting for county property. Although similar recommendations were made in several previous reports and the County Commission indicated the recommendations would be implemented, conditions have not improved.

The County Clerk does not have procedures in place to identify property purchases and dispositions throughout the year and county property records have not been thoroughly updated for several years. In addition, physical inventories of county property are not performed by county officials, updated county property lists are not turned over to the County Clerk, tags identifying property items as county property are not assigned and affixed to the items, and written authorization is not obtained from the County Commission for the disposition of county property. As of the end of 2008, the county property, including vehicles and buildings, was valued at an aggregate value of approximately \$6.8 million on the county insurance policy.

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 inventory records. Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. These records should be updated for any property additions and approved dispositions as they occur. Physical inventories, proper tagging of county property items, and periodic comparisons of inventories to overall county property records are necessary to evaluate the accuracy of the records, and deter and detect theft.

**WE AGAIN RECOMMEND** the County Clerk work with other county officials to ensure complete and accurate inventory records are maintained and annual physical inventories are conducted, and implement procedures for tracking and tagging capital asset purchases through the year. In addition, the County Commission should establish formal procedures for approving county property dispositions.

**AUDITEE'S RESPONSE**

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

*An employee of the previous County Clerk started updating our county inventory list after our move into the newly constructed government building. She resigned. Our newly appointed County Clerk has assigned the updating of all county property to an employee of his office and is currently working to bring our equipment inventory up to date.*

**6. County Commission Minutes**

The County Commission does not formalize meeting minutes for the county's official record book in a timely manner, and meeting minutes are not approved by the County Commission until they are typed and included in the official record book. As of July 2009, the last entry in the official record book was for the March 2, 2009, meeting. Timely formalizing meeting minutes will provide the County Commission more assurance the meeting minutes are complete and accurate at the time of approval. Complete and accurate meeting minutes are necessary to retain a record of the business conducted and actions taken by the County Commission.

**WE RECOMMEND** the County Commission ensure a complete record of commission meetings is prepared and approved on a timely basis.

**AUDITEE'S RESPONSE**

*The County Commission provided the following written response:*

*With the recent resignation of the former County Clerk, we are now able to get our minutes typed and approved on a weekly basis, as of January 2010.*

**7. Budgetary Practices**

The county's budgeting practices are in need of improvement. We noted the following issues relating to the county's budgets.

- A. The county budgets were not adequately monitored and budget amendments were not completed in a timely manner. During 2008, the county overspent the original budgeted amounts for both the Special Road and Bridge Fund and the Capital Improvements Fund by \$208,344 and \$1,287,479, respectively. While the County Commission indicated budgets are monitored on a monthly basis, budget amendments were not made until December 31, 2008, although disbursements in the Special Road and Bridge Fund had exceeded the original budget since October 2008 and the Capital Improvements fund had exceeded the original budget since March 2008. The County Commissioners said they chose to wait to amend the

budgets until the end of the year so the budgets would only need to be amended once.

Budget documents are an essential tool for the efficient management of county finances. If there are valid reasons that necessitate 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 (SAO). Timely budget amendments would provide for more accurate budgets that could be used as an effective planning tool by the county and help ensure compliance with state law.

- B. The 2009 county budget was not filed timely with the SAO in accordance with state law. Per the County Commission's meeting minutes, the 2009 county budget was approved on January 26, 2009, but the budget was not received by the SAO until April 23, 2009. In addition, the 2008 county budget amendments (see part A) were not filed with the SAO.

Sections 50.740.2 and 50.622, RSMo, require the county clerk to file the approved budgets and any budget amendments with the SAO within 5 days of approval.

**WE RECOMMEND** the County Commission:

- A. Ensure budget amendments are made prior to incurring related expenditures.
- B. File budgets and any related budget amendments with the SAO in a timely manner.

**AUDITEE'S RESPONSE**

*The County Commission provided the following written response:*

*A&B. We will follow the Auditor's recommendations on budgetary practices.*

<b>8. County Collector-Treasurer's Controls and Procedures</b>
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Monthly lists of liabilities are not prepared and reconciled to the cash balance. We requested the County Collector-Treasurer prepare a liabilities list for the collector account as of February 28, 2009. The list provided showed liabilities were less than the reconciled cash balance by approximately \$2,100. The reason for this difference could not be identified.

A complete and accurate list of liabilities should be prepared monthly and reconciled to the cash balances to help ensure records are in balance and sufficient funds are available

for the payment of all liabilities. Any unidentified differences should be investigated and resolved.

A similar condition was noted in our prior audit report.

**WE AGAIN RECOMMEND** the County Collector-Treasurer prepare monthly lists of liabilities and reconcile the lists to the cash balance. Any unidentified differences should be investigated and resolved.

**AUDITEE'S RESPONSE**

*The County Collector-Treasurer provided the following response:*

*Steps will be taken to implement this finding and resolve the unidentified differences.*

<b>9. Emergency 911 Board's Minutes and Procedures</b>
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The Emergency 911 Board does not adequately document minutes of Board meetings and oversight of the accounting functions need improvement. The Board contracts with a local ambulance district to provide 911 dispatch services to county residences. The majority of its receipts are received from landline tariffs from area telephone services, and the Board meets monthly to approve disbursements and conduct other business. Receipts for the Board totaled approximately \$351,900 and \$272,100 during 2008 and 2007, respectively.

- A. Board meeting minutes did not always include sufficient detail of matters discussed. The minutes were in outline form and generally lacked enough detail to show a record of the business conducted. Additionally, closed meeting minutes did not always indicate the specific matters discussed.

Complete and accurate meeting minutes are necessary to retain a record of the business conducted and actions taken by the Board. Meeting minutes should include sufficient details of decisions and discussions to provide complete documentation of Board meetings should any questions arise.

- B. Accounting duties are not adequately segregated and oversight by the Board is not adequate. The Board Administrator performs most disbursement duties, including writing her own payroll and expense checks. The Board Administrator provides a list of disbursements, invoices, and checks to the Board Treasurer each month for review, approval, and signature. The Board Treasurer indicated he reviews all invoices; however, this review is not documented. In addition, there is no independent reconciliation of the approved bill list to the bank statements and a review of monthly bank reconciliations is not performed.

To ensure adequate oversight of accounting functions, supporting documentation should be reviewed for all disbursements and such reviews should be adequately documented. In addition, an independent reconciliation of the approved list of bills to the bank statements should be performed, and bank reconciliations should be reviewed on a monthly basis.

- C. Property records are not maintained to account for Board property. In addition, tags identifying items as Board property are not assigned and affixed to the items and physical inventories are not performed. The Board is responsible for various property in administering the 911 dispatch services, including computers, desks, and general office and dispatch equipment. During 2008 and 2007, the Board purchased new dispatch equipment and software with a combined cost of approximately \$113,000.

Section 49.093, RSMo, requires an accounting of property costing \$1,000 or more and for that property to be included in the inventory records. Adequate property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories, proper tagging of Board items, and periodic comparisons of inventories to property records are necessary to evaluate the accuracy of the records, and deter and detect theft.

**WE RECOMMEND** the Emergency 911 Board:

- A. Ensure sufficient details are provided in open and closed meeting minutes to clearly document Board actions.
- B. Ensure detailed and complete lists of bills are prepared, and approvals are adequately documented and retained. In addition, the Board should ensure an independent reconciliation of the approved bill list to the bank statements is performed, at least on a periodic basis and review bank reconciliations monthly.
- C. Develop procedures to ensure complete and accurate inventory records are maintained and annual physical inventories are conducted.

**AUDITEE'S RESPONSE**

*The E911 Board provided the following written responses:*

- A. *Board meeting minutes will include more detail in open and closed sessions.*
- B. *The invoices and timesheets will be initialed by the treasurer and/or a board member attending the board meeting. Bills are paid the day of the board meetings and a listing of checks and invoices is included in a folder available to all board members. A list of the bills to be approved is in the board packet (all members have one) and a request for transfer of funds. The chairman, treasurer, and vice-chairman carefully look over the*

*bills and ask questions if needed. The board approves the bills and the transfer of funds. All checks require two signatures. The Board Treasurer verbally indicated a review of bank reconciliations and a reconciliation of approved bills to the bank statements will be performed.*

- C. *An updated physical inventory list will be completed as soon as possible and kept current.*

ORGANIZATION AND STATISTICAL INFORMATION

STODDARD COUNTY  
ORGANIZATION AND STATISTICAL INFORMATION

Stoddard County is a township-organized, third-class county and is part of the Thirty-Fifth Judicial Circuit. The county seat is Bloomfield.

Stoddard 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, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain county roads and bridges.

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:		
Greg Mathis, Presiding Commissioner	\$	31,700
Frank Sifford, Associate Commissioner		29,700
Ray Coats, Associate Commissioner		29,700
Kay Asbell, Recorder of Deeds		45,000
Don White, County Clerk		45,000
Briney Welborn, Prosecuting Attorney		55,000
Carl Hefner, Sheriff		50,000
Morgan Sifford, County Coroner		16,000
Brenda Wilson, Public Administrator		45,000
Carla Moore, County Collector-Treasurer, year ended March 31	57,078	
Jody Lemmon, County Assessor, year ended August 31,		45,000
Dallas Peters, County Surveyor (1)		

(1) Compensation on a fee basis.

State-Paid Officials:

Sherry Disney, Circuit Clerk	52,668
Joe Z. Satterfield, Associate Circuit Judge	107,641
Stephen R. Mitchell, Associate Circuit Judge	107,641