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Missouri State Auditor

Wright County

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CITIZENS SUMMARY

Findings in the audit of Wright County

<p>Prosecuting Attorney</p>	<p>Some of the weaknesses in the Prosecuting Attorney's office identified in prior audit reports still exist. Accounting duties are not adequately segregated, and no one compares the deposit amount to corresponding receipt slips. Receipts are not always recorded or deposited timely, and receipts are stored in an unlocked drawer until deposited. The Prosecuting Attorney's office did not prepare bank reconciliations during 2011 and 2010 and did not maintain check book or other accounting balances for its two bank accounts. At our request, personnel compared identified liabilities to reconciled bank balances and found unidentified amounts of \$19,218 and \$1,226 in the bad check and court-ordered restitution accounts, respectively. Some restitution receipts have not been disbursed in a timely manner, and some case files for amounts received prior to 2007 could not be located. The Prosecuting Attorney's office does not maintain an accounts receivable list to track court-ordered restitution due from defendants, and one amount due of \$12,639 was beyond the statute of limitations and uncollectible. The Prosecuting Attorney's office does not fully utilize the computerized bad check system and has not generated available reports to account for the numerical sequence of all cases and to ensure cases are appropriately collected or prosecuted.</p>
<p>Sheriff</p>	<p>The Sheriff's office has made improvements since the last audit, but certain accounting controls and procedures still need improvement. Accounting duties are not adequately segregated, the Sheriff does not document his occasional review of bank reconciliations, and there are no other independent reviews of the records, making it difficult to ensure the accounting records are complete and accurate. Seized property records are not complete and accurate, and the procedures to account for seized property need improvement. The Sheriff's office does not reconcile fuel used to fuel purchased, and for calendar year 2011 could not account for 3,421 gallons of fuel purchased.</p>
<p>Closed Meetings</p>	<p>The County Commission did not prepare minutes for some closed meetings during 2010 and 2011, as required by state law.</p>
<p>Additional Comments</p>	<p>Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.</p>

In the areas audited, the overall performance of this entity was **Good**.*

American Recovery and
Reinvestment Act
(Federal Stimulus)

During the audit period, Wright County received a \$22,000 Energizing Missouri Communities grant. The county used this grant and a 0 percent loan from the Missouri Department of Natural Resources to purchase a \$78,000 computerized temperature control system for the courthouse. The project did not have a measurable effect on the local economy and created no sustainable jobs, but county personnel report a 30 percent savings in related utility costs.

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Wright County

We have audited certain operations of Wright County in fulfillment of our duties under Section 29.230, RSMo. In addition, Davis, Lynn & Moots, P.C., Certified Public Accountants, has been engaged to audit the financial statements of Wright County for the 2 years ended December 31, 2011. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2011. 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 financial transactions.

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 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.

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.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Wright County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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Wright County Management Advisory Report State Auditor's Findings

1. Prosecuting Attorney

Prior audit reports have addressed weaknesses in the Prosecuting Attorney's office procedures and some of these weaknesses still exist. The Prosecuting Attorney's office collected approximately \$133,000 and \$138,000 in 2011 and 2010, respectively, in bad check restitution and fees, court ordered restitution, delinquent taxes, and child custody fees.

1.1 Segregation of duties and reconciliation procedures

Accounting duties are not adequately segregated. One employee is primarily responsible for receiving, recording, and depositing monies. The Prosecuting Attorney or another employee reviews each deposit slip for mathematical accuracy and initials each deposit slip; however, they do not compare the deposit amount to corresponding receipt slips. In addition, the employee who initials deposit slips is responsible for preparing bank reconciliations; however, bank reconciliations have not been performed during 2011 and 2010 (see section 1.3).

Proper segregation of duties and reconciliation procedures are necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, periodic independent or supervisory reviews of accounting records and reconciliations of receipts to deposits should be performed and documented by another employee or the Prosecuting Attorney.

1.2 Receipting and depositing

Receipts are not always recorded in the accounting system or deposited timely. Mail receipts are processed by one employee and are not processed timely if the employee takes leave, which occurred frequently during 2011 and 2010. Deposits during 2011 and 2010 occurred approximately one or two times per month and often exceeded \$5,000. A deposit on November 15, 2010, totaled \$9,817 and included receipts of \$6,263 from the first 2 days of the month. In addition, the receipts are stored in an unlocked desk drawer until deposited.

Timely recording, securing, and depositing of monies are necessary to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds.

1.3 Bank reconciliations

The Prosecuting Attorney's office did not prepare bank reconciliations during 2011 and 2010 or maintain check book or other accounting balances for its two bank accounts. Upon our request at February 29, 2012, office personnel prepared bank reconciliations and noted adjusted bank balances of \$37,954 and \$5,167 in the bad check and court-ordered restitution accounts, respectively. However, because book balances were not maintained, the accuracy of these reconciliations could not be readily verified.

Without maintaining cumulative book balances and preparing monthly bank reconciliations, there is less assurance receipts and disbursements have been



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properly handled and recorded, and errors will be detected and corrected in a timely manner.

1.4 Liabilities

Liabilities have not been identified and reconciled with cash balances, and some restitution receipts have not been disbursed in a timely manner. Upon our request, the Prosecuting Attorney's office prepared lists of liabilities at February 29, 2012, which totaled \$18,736 and \$3,941 for the bad check and court-ordered restitution accounts, respectively. These liabilities included many payments received prior to 2007 when the current Prosecuting Attorney took office. Current personnel indicated corresponding case files cannot be located for most of the amounts received prior to 2007, making it very difficult to determine the proper disposition of these monies.

A comparison of identified liabilities to the reconciled bank balances at February 29, 2012, indicated unidentified amounts of \$19,218 and \$1,226 in the bad check and court-ordered restitution accounts, respectively. Without regular identification and comparison of liabilities to the reconciled cash balance, there is less likelihood errors will be identified and the ability to both identify liabilities and resolve errors is diminished. In addition, timely follow up is necessary to ensure all restitution received is disbursed in a timely manner.

1.5 Accounts receivable

The Prosecuting Attorney's office could improve monitoring of court-ordered restitution due from defendants, including bad check cases filed in court. Accounts receivable lists were not maintained; however, upon our request, a list was prepared as of February 29, 2012, which totaled \$239,961 due from defendants for court-ordered bad check restitution and \$45,959 due from defendants for other court-ordered restitution. Office personnel indicated many receivables are from old cases filed prior to 2007 and the corresponding case files cannot be located, making it difficult to perform follow-up procedures to collect unpaid amounts. We noted \$12,639 due for one case which the Prosecuting Attorney's office indicated was beyond the statute of limitations and uncollectible.

Timely monitoring of accounts receivable is necessary to help ensure unpaid restitution is collected and distributed to the victims. In addition, proper monitoring is necessary to provide information to the Circuit Judge when amounts are deemed uncollectible and should be written off.

1.6 Bad check case disposition

The Prosecuting Attorney's office could improve procedures to monitor the disposition of bad check cases. The computerized bad check system is capable of tracking the receipt and disposition of each bad check complaint; however, the system is not fully utilized. According to office personnel, bad checks are entered into the computer system mainly to generate letters notifying the bad check writers they have 10 days to pay before charges are filed. In addition, the Prosecuting Attorney's office has not generated reports



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available from the system to account for the numerical sequence of all cases and to ensure cases are appropriately collected or prosecuted, as applicable.

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

Similar conditions
previously reported

Similar conditions to sections 1.1, 1.3, 1.4, and 1.6 were noted in our prior audit report.

Recommendations

The Prosecuting Attorney:

- 1.1 Adequately segregate receiving, recording, and depositing duties to the extent possible or ensure independent or supervisory reviews of accounting records and reconciliations of receipts to deposits are performed and documented.
- 1.2 Record all monies immediately upon receipt, store monies in a secure location, and deposit monies in a timely manner.
- 1.3 Maintain check book or other accounting balances and prepare monthly bank reconciliations for the bad check and court-ordered restitution accounts.
- 1.4 Prepare monthly liability lists and reconcile the lists to the cash balances. An attempt should be made to investigate and disburse older restitution amounts held, and any remaining unidentified or unclaimed amounts should be disbursed in accordance with state law.
- 1.5 Improve monitoring of unpaid bad check and other court-ordered restitution and follow up on older cases to determine amounts which should be written off as uncollectible.
- 1.6 Ensure all bad check complaints are entered into the computerized accounting system and utilize the system to ensure the disposition of all bad check complaints is properly recorded.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

- 1.1 *This concern has already been corrected. Accounting procedures have been segregated as suggested.*



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- 1.2 *Each of the employees in the Prosecuting Attorney's office have numerous job responsibilities such as meeting with the public, handling phone calls, preparing files for court and trial, etc., and sometimes it is necessary for those responsibilities to take priority over accounting procedures. However, we will process receipts and make deposits more frequently. A lock has been installed on the desk drawer where monies and checkbooks are stored. No actual loss, theft, or misuse of funds was identified during the audit.*
- 1.3 *This concern has already been corrected. Accounting procedures have been segregated as suggested and a new employee assigned to perform bank reconciliations as suggested.*
- 1.4 *As noted above, unidentified money existed in the bad check and restitution accounts prior to my tenure as prosecuting attorney. A review of previous audits would show that the unidentified money existed at the time of those audits and remains in the accounts in the same amounts. We will work to determine the appropriate disposition of the unidentified money that existed in the accounts prior to my tenure in accordance with state law.*
- 1.5 *The Prosecuting Attorney's office does an outstanding job of monitoring court-ordered restitution due from defendants, including bad check cases filed in court. The Prosecuting Attorney's office does not accept partial payments on restitution or bad check cases unless the defendant is placed on probation. When a defendant is placed on probation it is a special condition of the probation that the defendant make regular payments and periodic court reviews are scheduled on all such cases to assure that the payments are being made. The cases are not removed from the review docket unless and until all restitution has been paid. Furthermore, many defendants have a supervising probation officer whose job it is to make sure that the defendant is paying as ordered by the court. Under these practices, there is very little room for error and appropriate follow-up is made on each case. Unfortunately, it is not possible to go back and correct collection practices of previous prosecuting attorneys.*
- 1.6 *The Prosecuting Attorney's office has encountered difficulties with the bad check computer program. Our office has utilized that software to the extent that it has actually been helpful. At this point it is a matter of opinion as to whether making further use of the program actually helps to ensure accuracy beyond what is currently achieved. However, we will attempt to make greater use of the computer program to see if it actually improves our case monitoring and disposition. As mentioned above, once a case is*



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filed, it is regularly monitored on the court docket to ensure cases are appropriately collected and prosecuted. Creating "numerical sequences" in most cases would simply be duplicative and not be an efficient allocation of limited resources.

2. Sheriff

While the Sheriff has made improvements since the prior audit, certain accounting controls and procedures are still in need of improvement. The Sheriff's office processed approximately \$270,000 and \$240,000 in civil fees, concealed weapon permits, bonds, and other receipts for the years ended December 31, 2011 and 2010, respectively.

2.1 Segregation of duties

Accounting duties are not adequately segregated. The bookkeeper is responsible for receipting, recording, and depositing monies received; performing bank reconciliations; and preparing checks. The Sheriff does not document his occasional review of bank reconciliations and there are no other independent reviews of the records.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, periodic independent or supervisory reviews of accounting records should be performed and documented by another employee or the Sheriff.

2.2 Seized property

Procedures to account for seized property should be improved, and seized property records are not complete and accurate. The inventory list for seized property does not include some items and does not properly identify the property to a specific case. In addition, property tags affixed to the property are not pre-numbered and no physical inventories have been conducted of seized property.

Adequate seized property inventory records are necessary to ensure all property is accounted for properly and to deter and identify loss, misuse, or theft of such items.

2.3 Fuel procedures

The Sheriff's office does not reconcile fuel use to fuel purchased and as a result, some fuel purchased could not be accounted for properly. The county maintains two bulk fuel tanks for the Sheriff's vehicles and purchased approximately \$80,000 in fuel for these tanks during the 2 years ended December 31, 2011.

Fuel use logs are maintained which record the beginning and ending odometer readings, total miles driven, and gallons of fuel pumped for each vehicle. We compared fuel purchased to fuel use (as recorded on the fuel use logs) for three different time periods during the 2 years ended December 31, 2011, and for these three periods combined, total fuel purchased of 1,225 gallons exceeded fuel use by 392 gallons. In addition,



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the Sheriff's office compiled a spreadsheet of fuel use and fuel purchased for calendar year 2011 which noted total fuel purchased of 13,393 gallons exceeded fuel use by 3,421 gallons. The Sheriff indicated the fuel use was not always documented, in particular for the transport van.

Maintenance of accurate fuel use logs and comparison of log information and inventory records to fuel purchases are necessary to ensure vehicles are properly utilized, prevent paying fuel vendors for improper amounts, and decrease the risk of theft or misuse of fuel occurring without detection.

Similar conditions
previously reported

Similar conditions were noted in our prior audit report

Recommendations

The Sheriff:

- 2.1 Adequately segregate accounting duties to the extent possible or ensure independent or supervisory reviews of accounting records are performed and documented.
- 2.2 Maintain complete and accurate inventory records of all seized property items and identify each item to a specific case. In addition, property tags should be pre-numbered, and physical inventories should be conducted annually.
- 2.3 Ensure complete and accurate fuel use logs are maintained for all law enforcement vehicles and review the logs for reasonableness. In addition, fuel use should be reconciled to fuel purchased on a monthly basis, and any significant discrepancies should be investigated.

Auditee's Response

The Sheriff provided the following written responses:

- 2.1 *I will start initialing and dating the accounting records which I review.*
- 2.2 *We have been working on this as time permits; however, turnover of personnel has hindered our efforts.*
- 2.3 *We are now putting more emphasis on tracking fuel use, and fuel logs are now complete and accurate. We are now reconciling fuel used to fuel purchased on a monthly basis.*

3. Closed Meetings

Closed meeting minutes were not always prepared and maintained in compliance with the Sunshine Law. County records indicate the County



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Commission held nine closed meetings during 2010 and 2011; however, no minutes were prepared for three of the closed meetings.

Without minutes of closed meetings, it cannot be determined that discussion was limited to the topics cited as the reason for closing the meetings. Further, Section 610.020.7, RSMo, requires minutes be kept for all closed meetings.

Recommendation

The County Commission ensure minutes are prepared and retained for all closed meetings.

Auditee's Response

The County Commission provided the following written response:

We agree and will ensure minutes are prepared and retained for all closed meetings in the future.

Wright County

Organization and Statistical Information

Wright County is a county-organized, third-class county. The county seat is Hartville.

Wright 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 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 employed 49 full-time employees and 6 part-time employees on December 31, 2011.

In addition, county operations include a Senate Bill 40 Board.

Elected Officials

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

Officeholder	2012	2011
Zach Williams, Presiding Commissioner	\$	28,400
Mike Sherman, Associate Commissioner		26,400
Tommy Gaddis, Associate Commissioner		26,400
Kathy Garrison, Recorder of Deeds		40,000
Nelda Masner, County Clerk		40,000
Jason W. MacPherson, Prosecuting Attorney		109,366
Glenn Adler, Sheriff		44,000
Naomi Gray, County Treasurer		40,000
Ben Hurtt, County Coroner		12,000
John T. Miller, Public Administrator		40,000
Cindy Cottengim, County Collector (1), year ended February 29,	42,539	
Brenda Day, County Assessor , year ended August 31,		40,000

(1) Includes \$2,539 of commissions earned for collecting city property taxes.

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

According to county personnel, the county was awarded the following American Recovery and Reinvestment Act of 2009 funding during the 2 years ended December 31, 2011:

A \$22,000 Energizing Missouri Communities grant from the U.S. Department of Energy passed through the Missouri Department of Natural



Wright County Organization and Statistical Information

Resources (DNR) in 2011 was used to purchase a computerized temperature control system for the courthouse. The total cost of the system was \$78,000 and the county received a 0 percent loan from the DNR for the additional cost. The project did not have a measurable effect on the local economy and did not create any sustainable jobs. The county will be financially responsible for repairs and maintenance of the system. County personnel indicated a review of the system determined the county has been saving approximately 30 percent in related utility costs.