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Missouri State Auditor

OFFICE OF ATTORNEY
GENERAL

Missouri Office of
Prosecution Services

June 2013

Report No. 2013-048



<http://auditor.mo.gov>



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CITIZENS SUMMARY

Findings in the audit of the Office of Attorney General, Missouri Office of Prosecution Services

Accounting Controls and Procedures	The Missouri Office of Prosecution Services (MOPS) needs to improve controls and procedures over receipts. The MOPS does not restrictively endorse checks immediately upon receipt and does not document the date of receipt. The MOPS does not deposit registration fees until they total approximately \$1,000, which may be up to three weeks.
Salary Increases	The MOPS gave pay raises to staff employees that were not provided to other state employees. In addition to the 2 percent cost of living adjustment increase that was provided to state employees paid less than \$70,000 per year, MOPS employees also received raises in January 2011 and January 2013. These raises represented an annual increase in staff salaries that totaled \$22,897. In addition to the staff raises, the Executive Director also received salary increases of \$11,455 and \$7,500 in November 2012 and January 2011, respectively. State law grants the Prosecutors Coordinators Training Council the authority to establish employee compensation, but, given the recent state budget constraints and that other state employees have generally not received such pay increases, the Council and MOPS should reevaluate the reasonableness and necessity of these increases.

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

American Recovery and Reinvestment Act (Federal Stimulus)	The Office of Attorney General, Missouri Office of Prosecution Services did not receive any federal stimulus monies during the audited time period.
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*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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Office of Attorney General

Missouri Office of Prosecution Services

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THOMAS A. SCHWEICH

Missouri State Auditor

Prosecutors Coordinators Training Council
and
Missouri Office of Prosecution Services
and
Honorable Chris Koster, Attorney General
Jefferson City, Missouri

We have audited certain operations of the Office of Attorney General, Missouri Office of Prosecution Services, as provided by Section 56.765, RSMo. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2012 and 2011. The objectives of our audit were to:

1. Evaluate the office's internal controls over significant management and financial functions.
2. Evaluate the office'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 office, as well as certain external parties; analysis of comparative data obtained from external and internal sources; 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 tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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, grant agreement, 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 office's management and was not subjected to the procedures applied in our audit of the office.

For the areas audited, we identified (1) a deficiency in internal controls, (2) no significant 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 the Office of Attorney General, Missouri Office of Prosecution Services.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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Office of Attorney General
Missouri Office of Prosecution Services
Management Advisory Report - State Auditor's Findings

**1. Accounting
Controls and
Procedures**

The Missouri Office of Prosecution Services (MOPS) needs to improve controls and procedures over receipts.

During the 2 years ended June 30, 2012, the MOPS collected approximately \$86,000 in registration fees related to various training conferences and approximately \$1.1 million remitted by Missouri counties and the City of St. Louis for the Missouri Prosecuting Attorneys and Circuit Attorneys' Retirement Fund.

The MOPS does not restrictively endorse checks immediately upon receipt. Checks are not restrictively endorsed until the bank deposit is prepared. In addition, the MOPS does not document the date of receipt. Typically, only the check number, payee, and amount is recorded. Also, receipts are not always deposited timely. According to MOPS personnel, registration fees are held until they total approximately \$1,000, and may be held up to 3 weeks before deposit.

To safeguard against possible loss, theft, or misuse of funds, internal controls should provide reasonable assurances that all receipts are handled and accounted for properly and assets are adequately safeguarded.

Recommendation

The MOPS require checks be restrictively endorsed upon receipt, the date of receipt be recorded, and all monies received be deposited in a timely manner.

Auditee's Response

The MOPS whole-heartedly agrees with this recommendation. This recommendation was implemented the same day it was suggested by the field auditor during the audit process.

2. Salary Increases

The MOPS provided pay raises to employees that were not provided to other state employees.

In addition to a 2 percent cost of living adjustment in July 2012 (an increase that was provided to state employees paid less than \$70,000 per year) MOPS staff received raises in January 2011 and January 2013. These raises represented an annual increase in staff salaries that totaled \$22,897. In addition to the staff raises, the Executive Director also received salary increases of \$11,455 and \$7,500, in November 2012 and January 2011, respectively. These raises represented approximately a 10 percent increase to employees.

According to a member of the Prosecutors Coordinators Training Council, which oversees the MOPS, these salary increases were based on merit, annual appraisals, job performance, and a desire to bring the salary of MOPS employees to a level equal to other state employees in a similar position.



Office of Attorney General
Missouri Office of Prosecution Services
Management Advisory Report - State Auditor's Finding

Although Section 56.760, RSMo, grants the Prosecutors Coordinators Training Council the authority to establish employee compensation, given the recent state budget constraints and that other state employees have generally not received such pay increases, the Council and MOPS should re-evaluate the reasonableness and necessity for these salary increases.

Recommendation

The MOPS, in conjunction with the Prosecutors Coordinators Training Council, discontinue providing pay increases over and above those provided to other state employees in the future.

Auditee's Response

As this finding correctly acknowledges, Section 56.760, RSMo, gives exclusive authority to the Prosecutors Coordinators Training Council to fix the salary of the Executive Director and exclusive authority to the Executive Director to fix the salary of the staff with the advice and consent of the Council. Accordingly, the Prosecutors Coordinators Training Council and the MOPS Executive Director established employee compensation within the parameters set by Section 56.760, RSMo. Furthermore, pursuant to Section 56.650, RSMo, the MOPS is an autonomous entity which is not subject to the state employee Merit System or Uniform Classification and Pay System. Rather the MOPS is funded primarily by sources other than General Revenue, and the merit-based compensation increases examined in this finding were expended from non-General Revenue funds within the appropriation authority set by the General Assembly. The Prosecutors Coordinators Training Council and the MOPS Executive Director fixed employee compensation by: (1) considering salaries of similarly situated staff in other state agencies and county prosecuting attorneys' offices; (2) reflecting additional duties or responsibilities assumed by staff; and (3) considering employee merit based on annual performance evaluations. Nevertheless, the Prosecutors Coordinators Training Council will review this finding and take appropriate action as necessary.

Office of Attorney General

Missouri Office of Prosecution Services

Organization and Statistical Information

The Missouri Office of Prosecution Services (MOPS) was established pursuant to Section 56.750, RSMo, ". . . as an autonomous entity in the Missouri attorney general's office." The primary purpose of this office is to assist the prosecuting attorneys throughout the state through training and other means in their efforts against criminal activity.

The MOPS collects monies from Missouri counties and the city of St. Louis for the Missouri Prosecuting Attorneys and Circuit Attorneys' Retirement Fund. These monies are deposited in a bank account managed and administered by the retirement fund's Board of Trustees. During the 2 years ended June 30, 2012, the MOPS collected and deposited approximately \$1.1 million for the retirement fund.

Certain oversight responsibilities for the office are given to the Prosecutors Coordinators Training Council. The council is composed of the president, vice president, secretary, treasurer and immediate past president of the Missouri Prosecuting Attorneys Association and the Attorney General or his designee. The terms of the members of the council are concurrent with their terms as officers of the Missouri Prosecuting Attorneys Association. As of June 30, 2012, the council members were:

Bob McCulloch, President
Eric Zahnd, President-elect
Terry Schwartz, Secretary
Brian Keedy, Treasurer
Dean Dankelson, Immediate Past President
Page Bellamy, Attorney General Designee

Jason Lamb has served as the MOPS' Executive Director since July 2009.

As of June 30, 2012, the MOPS employed seven full-time employees and one part-time employee.

American Recovery and
Reinvestment Act 2009
(Federal Stimulus)

The Missouri Office of Prosecution Services did not receive any federal stimulus monies during the 2 years ended June 30, 2012.

Appendix A-1

Office of Attorney General
 Missouri Office of Prosecution Services
 Combined Statement of Receipts, Disbursements, and Changes in Cash and Investments
 Year Ended June 30, 2012

	Federal and Other Fund	Missouri Office of Prosecution Services Fund	Missouri Office of Prosecution Services Revolving Fund	Total (Memorandum Only)
RECEIPTS				
Court fees	\$ 0	486,738	0	486,738
Registration fees	0	0	38,484	38,484
Federal receipts	347,878	48,476	6,653	403,007
Interest	0	1,966	0	1,966
Rebates	0	536	0	536
Total receipts	<u>347,878</u>	<u>537,716</u>	<u>45,137</u>	<u>930,731</u>
DISBURSEMENTS				
Personal service	99,670	195,997	0	295,667
Employee fringe benefits	38,813	79,317	0	118,130
Expense and equipment	176,320	213,970	35,721	426,011
Cost allocation plan	0	8,127	275	8,402
Leasing operations	0	32,622	0	32,622
Miscellaneous	0	4,196	0	4,196
Total disbursements	<u>314,803</u>	<u>534,229</u>	<u>35,996</u>	<u>885,028</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>33,075</u>	<u>3,487</u>	<u>9,141</u>	<u>45,703</u>
CASH AND INVESTMENTS, JULY 1, 2011	<u>3,193</u>	<u>322,986</u>	<u>46,430</u>	<u>372,609</u>
CASH AND INVESTMENTS, JUNE 30, 2012	<u>\$ <u>36,268</u></u>	<u><u>326,473</u></u>	<u><u>55,571</u></u>	<u><u>418,312</u></u>

Appendix A-2

Office of Attorney General
 Missouri Office of Prosecution Services
 Combined Statement of Receipts, Disbursements, and Changes in Cash and Investments
 Year Ended June 30, 2011

	Federal and Other Fund	Missouri Office of Prosecution Services Fund	Missouri Office of Prosecution Services Revolving Fund	Total (Memorandum Only)
RECEIPTS				
Court fees	\$ 0	516,128	0	516,128
Registration fees	0	0	47,370	47,370
Federal receipts	334,796	0	225	335,021
Interest	0	2,670	0	2,670
Rebates	0	415	0	415
Miscellaneous	0	141	0	141
Total receipts	<u>334,796</u>	<u>519,354</u>	<u>47,595</u>	<u>901,745</u>
DISBURSEMENTS				
Personal service	116,406	168,830	0	285,236
Employee fringe benefits	50,981	72,509	0	123,490
Expense and equipment	191,366	272,024	35,466	498,856
Cost allocation plan	0	12,585	966	13,551
Leasing operations	0	32,481	0	32,481
Total disbursements	<u>358,753</u>	<u>558,429</u>	<u>36,432</u>	<u>953,614</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(23,957)</u>	<u>(39,075)</u>	<u>11,163</u>	<u>(51,869)</u>
CASH AND INVESTMENTS, JULY 1, 2010	<u>27,150</u>	<u>362,061</u>	<u>35,267</u>	<u>424,478</u>
CASH AND INVESTMENTS, JUNE 30, 2011	<u>\$ 3,193</u>	<u>322,986</u>	<u>46,430</u>	<u>372,609</u>

Appendix B

Office of Attorney General
 Missouri Office of Prosecution Services
 Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2012			2011		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND						
Personal Service	\$ 72,984	72,984	0	72,984	72,984	0
Expense and Equipment	34,916	31,089	3,827	34,916	29,138	5,778
Total General Revenue Fund	107,900	104,073	3,827	107,900	102,122	5,778
FEDERAL AND OTHER FUND						
Personal Service	182,000	99,670	82,330	182,000	116,406	65,594
Expense and Equipment	885,326	176,320	709,006	885,326	191,366	693,960
Total Federal and Other Fund	1,067,326	275,990	791,336	1,067,326	307,772	759,554
MISSOURI OFFICE OF PROSECUTION SERVICES FUND						
Personal Service	310,175	195,997	114,178	310,175	168,830	141,345
Expense and Equipment	1,713,795	213,970	1,499,825	1,713,795	272,024	1,441,771
Total Missouri Office of Prosecution Services Fund	2,023,970	409,967	1,614,003	2,023,970	440,854	1,583,116
MISSOURI OFFICE OF PROSECUTION SERVICES REVOLVING FUND						
Expense and Equipment	150,000	35,721	114,279	150,000	35,466	114,534
Total Missouri Office of Prosecution Services Revolving Fund	150,000	35,721	114,279	150,000	35,466	114,534
Total All Funds	\$ 3,349,196	825,751	2,523,445	3,349,196	886,214	2,462,982

Appendix C

Office of Attorney General
 Missouri Office of Prosecution Service
 Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30				
	2012	2011	2010	2009	2008
Salaries and wages	\$ 368,651	358,220	333,049	343,269	380,958
Travel, in-state	61,649	66,665	61,184	69,049	74,453
Travel, out-of-state	14,955	23,951	17,001	15,748	20,352
Supplies	13,425	10,037	11,972	11,516	37,385
Professional development	5,836	5,337	4,256	4,665	6,114
Communication service and supplies	9,516	8,621	9,869	9,203	7,474
Services:					
Professional	300,818	356,585	387,244	691,311	386,120
Maintenance and repair	10,310	10,596	14,477	13,873	14,941
Equipment:					
Computer	545	4,591	3,284	0	6,035
Office	1,457	739	0	120	1,647
Other	0	579	0	0	447
Building lease payments	7,368	3,868	16,181	30,332	7,754
Equipment rental and leases	1,691	4,462	3,848	9,083	7,882
Agency provided food	27,421	29,267	25,883	59,199	69,732
Rebillable expenses	0	0	590	0	0
Registration fee refunds	0	0	0	0	65
Program distributions	2,109	2,696	6,380	6,147	3,455
Total Expenditures	\$ <u>825,751</u>	<u>886,214</u>	<u>895,218</u>	<u>1,263,515</u>	<u>1,024,814</u>

Appendix D

Office of Attorney General
 Missouri Office of Prosecution Services
 Statement of Changes in General Capital Assets

<u>All Funds</u>		<u>Furniture and Equipment</u>
Balance July 1, 2010	\$	60,518
Additions		1,405
Dispositions		(6,176)
Balance June 30, 2011		<u>55,747</u>
Additions		0
Dispositions		(23,218)
Balance June 30, 2012	\$	<u><u>32,529</u></u>
		<u>Balance June 30, 2012</u>
<u>Fund of Acquisition</u>	\$	<u>12,532</u>
Federal and Other Fund		
Missouri Office of Prosecution Services Fund		<u>19,997</u>
Total All Funds	\$	<u><u>32,529</u></u>