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Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Dade County

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<http://auditor.mo.gov>

Dade County

Follow-Up Report on Audit Findings

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*Includes selected findings



THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Dade County

We have conducted follow-up work on certain audit report findings contained in Report No. 2013-061, *Dade County*, issued in July 2013, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the county about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
 - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
 - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
 - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
 - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the county, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation submitted by county officials and held meetings with county officials. Documentation included calculations of sales tax reductions, bank statements, receipt and deposit records, and various other financial records. This report is a summary of the results of this follow-up work, which was substantially completed during September and October 2013.

A handwritten signature in black ink that reads "Thomas A. Schweich".

Thomas A. Schweich
State Auditor

Dade County

Follow-Up Report on Prior Audit Findings

Status of Findings

1. County Sales Tax

Property tax reduction amounts were not properly reported to the State Auditor's office for the 2 years ended December 31, 2010, and the county failed to calculate a sales tax rollback for the 2 years ended December 31, 2012. Without this calculation, the county was unable to document whether the required property tax levy reduction was utilized.

For the year 2009, the county incorrectly certified a tax rate with a voluntary reduction instead of a sales tax reduction. For the year 2010, the county originally incorrectly certified a tax rate by failing to show any reduction. After realizing the error, the county re-certified a tax rate with a reduction; however, the reduction was incorrectly reported as a voluntary reduction instead of a sales tax reduction. The calculation for the sales tax rollback was not performed by the county for 2012 or 2011, and as a result, the county has not properly determined the General Revenue property tax levy.

Based upon the reduced tax rate ceiling and the failure of the county to reduce the tax levy for a sales tax reduction, the over collection of General Revenue property taxes was \$115,377 for 2012 and \$114,266 for 2011.

Recommendation

The County Commission and County Clerk properly calculate and report property tax rate reductions (sales tax or voluntary) and develop a plan to correct improper property tax reductions from prior years. During the tax rate setting process, the County Commission and County Clerk should ensure tax rate information reported back to the county in the State Auditor's office certification letter is consistent with expectations and, if not, promptly follow up on any discrepancies.

Status

Not Implemented

The County Clerk indicated the County Commission believes that House Bill No. 1035, First Regular Session, 97th General Assembly, will help them in this matter. The County Clerk calculated a 2013 sales tax rollback in August 2013, but the County Commission indicated it did not reduce the levy for sales tax collections because it needed the property tax revenue to continue normal county operations. The county's records show it needed to reduce General Revenue Fund property taxes by approximately \$118,500, which represents 50 percent of estimated sales tax collections for 2013. The County Clerk performed sales tax rollback calculations for 2012 and 2011 in March 2013, rather than when setting tax rates for 2012 and 2011. Also, the county has not submitted amended tax rate forms with an explanation of needed changes to the State Auditor's office as required by House Bill No. 1035.

2.1 Sheriff Controls and Procedures - Segregation of duties

Accounting duties were not adequately segregated, and an adequate supervisory review of accounting records was not performed. An office manager was responsible for receipting, recording, depositing, disbursing,



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reconciling the bank account, and transmitting monies to the County Collector-Treasurer. The current Sheriff did not perform a comparison of monies received to those deposited or transmitted.

Recommendation

The Sheriff adequately segregate accounting duties to the extent possible or ensure an adequate independent or supervisory review of bank and accounting records is performed and documented.

Status

Implemented

The Sheriff provided documentation of his review of the August 2013 bond and fee account bank statements and reconciliations, receipt and deposit records, checks, and concealed carry weapon (CCW) receipts and transmittals.

2.3 Sheriff Controls and Procedures - Receipting, depositing, and transmitting monies

Procedures for receipting, depositing and transmitting monies were not sufficient.

From May through December 2012, receipt slips were not issued for any paper service and phone commission monies received, and receipts slips were not always issued for other monies received. A total of \$11,577 was deposited or transmitted, but not recorded in receipt records.

Several receipt slip books were used concurrently, both copies of voided receipt slips were not always retained, the numerical sequence of receipt slips was not accounted for properly, and some entries on receipt slips were not legible.

Receipt slips issued did not always indicate the method of payment, and the composition of receipts was not reconciled to the composition of deposits. Checks were not restrictively endorsed immediately upon receipt, and receipts were often not deposited or transmitted intact or timely.

Recommendation

The Sheriff ensure legible receipt slips are issued for all monies received, all copies of voided receipts slips are retained, the numerical sequence of receipt slips is accounted for properly, the method of payment is indicated on all receipt slips, the composition of receipts is reconciled to the composition of deposits, and checks are restrictively endorsed immediately upon receipt. In addition, the Sheriff should ensure receipts are deposited or transmitted intact and in a timely manner.

Status

In Progress

We reviewed August 2013 receipt and deposit records. All monies deposited or transmitted were recorded in receipt books, all receipt slips were legible, and no voided receipts were identified. The fee account receipt book indicated the method of payment on all receipt slips and the composition



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was reconciled to deposits. Although the method of payment was still not recorded on bond receipt slips, it is the Sheriff's policy to only accept cash payments for bonds, and the related bond forms and deposits indicated only cash was received and deposited. Also, the CCW receipt book indicated the method of payment on all receipt slips, the composition was reconciled to amounts transmitted to the County Collector-Treasurer, and CCW receipts were transmitted timely and intact. The Sheriff indicated checks are currently being restrictively endorsed immediately upon receipt. Bond receipts were deposited intact during August 2013, but were held up to 10 days before being deposited, and some fee account receipts were held up to 6 days before being deposited.

2.4 Sheriff Controls and Procedures - Bank reconciliations and liabilities

Monthly bank reconciliations and lists of liabilities for the two bank accounts (bond and fee) were not prepared during the year ended December 31, 2012, and our review of the bond bank account and other records indicated \$761 in unidentified monies at December 31, 2012.

Recommendation

The Sheriff prepare bank reconciliations monthly and reconcile bank balances to monthly lists of liabilities. Any differences should be investigated and resolved.

Status

Implemented

The Sheriff is preparing bank reconciliations monthly for his new bank accounts. We reviewed the August 2013 bank reconciliations for both accounts (bond and fee), and the bank reconciliation balances reported only monthly interest income remaining in the account; therefore lists of liabilities were not necessary. The former Sheriff's bank accounts were closed and all unidentified monies were turned over to the County Collector-Treasurer.

2.5 Sheriff Controls and Procedures - Seized property

Adequate controls over seized property had not been established. While a notebook of individual seized property case reports was maintained, it was not complete and accurate, and periodic inventories of seized property on hand were not conducted. Numerous items included on the reports could not be located in the seized property storage area; some seized property items were stored in unsecured locations; several seized property items were not tagged for identification to a specific case; and several items in the seized property storage area had been held for a long period of time. Further, the release of seized cash was not adequately documented. There was no indication of the date the cash was released, who released the cash, or who received the cash.



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Recommendation

The Sheriff maintain complete and accurate seized property inventory records. The Sheriff should perform a periodic inventory of seized property, compare it to the seized property list, and investigate any differences. The Sheriff should also make timely and appropriate dispositions of seized property.

Status

In Progress

The Sheriff indicated a long-term goal has been set to accomplish a complete physical inventory; however, due to the limited staff available to operate his office, this goal will take a considerable amount of time to complete. The Sheriff indicated he has reviewed his office's seized property procedures, and he believes those procedures are sound and are being followed. He also indicated the evidence officer is processing all new seized evidence following procedure, is verifying existing evidence as time allows, and is petitioning the courts for disposition orders, if applicable. As of the time of the follow-up meeting with the Sheriff, over 200 property disposition orders have been obtained from the circuit court. The Sheriff also indicated no seized cash had been released since our audit.

3.1 Payroll Controls and Procedures - Centralized records

Centralized records of leave balances and leave used and earned were not maintained. Employees were responsible for recording and tracking their own leave balances.

Recommendation

The County Commission maintain centralized leave records for all county employees.

Status

In Progress

Centralized records of leave balances and leave used and earned are now maintained for all full-time employees except for an employee in the County Collector-Treasurer's office. The County Clerk and County Commission indicated they have requested this information from this employee and the County Collector-Treasurer.

3.3 Payroll Controls and Procedures - Sheriff's office payroll records

Documentation to support the accrual of compensatory time (overtime) by the former Sheriff's office manager/jail administrator was not sufficient and was not documented consistently. We noted 25 of 48 weekly timecards did not adequately document the dates worked, 4 weekly timecards could not be located, compensatory time was sometimes calculated at double time conflicting with the county personnel policy of time and a half, and the calculations of compensatory time on some bi-weekly timesheets were not accurate. In addition, timecards of some employees were not signed by the employee and timecards and bi-weekly timesheets were not always reviewed or signed by the Sheriff.



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Recommendation

The County Commission ensure adequate reviews of time records, leave records, and other payroll records are performed. The County Commission should also work with the Sheriff to ensure timecards and timesheets are signed by employees and their supervisor, as appropriate.

Status

Partially Implemented

We reviewed time records for the month of August 2013, and compensatory time earned by Sheriff's office employees was not always computed in accordance with Fair Labor Standards Act of 1938 (FLSA) or the county's personnel policy. The Sheriff indicated he plans to review these and future compensatory time calculations for compliance with FLSA and the county's personnel policy. Timecards and timesheets reviewed were signed by Sheriff's office employees and the Sheriff.

**4.1 County Procedures -
Fuel use and purchases**

Records documenting the use of Sheriff's office vehicles could not be located for the year ended December 31, 2012. In addition, the vehicle log maintained by the Assessor and the County Commissioners did not indicate who used the county vehicle, the date the vehicle was used, or when it was fueled. The log was not submitted to the County Clerk for reconciling fuel usage to fuel purchases.

Recommendation

The County Commission require fuel use logs be maintained for all county-owned vehicles, and ensure these logs are reviewed for accuracy and reconciled to fuel purchases. Any significant discrepancies should be investigated.

Status

Implemented

The Sheriff provided mileage and fuel use logs, a detailed copy of the fuel bill for the Sheriff's office vehicles, and a reconciliation of fuel used to fuel purchased for the month of August 2013. The vehicle log maintained by the Assessor and County Commission during 2013 documented who used the county vehicle, the date the vehicle was used, and when it was fueled. Only one purchase of fuel was made during the month of August 2013, and the fuel purchased reconciled to the vehicle log maintained by the Assessor and County Commission.

**4.2 County Procedures -
Sheriff's Revolving
Fund**

Some disbursements made from the Sheriff's Revolving Fund during the year ended December 31, 2012, were not in compliance with uses allowed by state law.

Recommendation

The County Commission and Sheriff use the Sheriff's Revolving Fund monies in accordance with state law.



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Status

Implemented

Disbursements made from the Sheriff's Revolving Fund totaling approximately \$4,400 during the period January 1 through August 31, 2013, were in compliance with state law.