



Thomas A. Schweich

Missouri State Auditor

Butler County

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Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Butler County

County Procedures

County officials need to better document procurement process decisions. County officials did not maintain documentation of oral quotes, price comparisons, or sole source and emergency purchase decisions. The County Commission refinanced \$1.7 million in general obligation bonds through a negotiated instead of a competitive sale, and did not select the bond underwriter or bond counsel competitively. The county needs to improve its procedures to review invoices and document receipt of goods. Audit staff identified a \$3,226 credit for returned parts from October 2010 which the county had not collected. The County Commission pays the Sheriff a monthly mileage allowance of \$850, but the Sheriff did not maintain mileage logs in 2009 and 2010, so the payments should be reported as taxable compensation on the Sheriff's W-2 form. Bulk fuel tanks at the Road and Bridge Department are not metered, and logs are not maintained to document fuel pumped or vehicle mileage. The County Commission approves a transfer each year of \$100,000 from the 911 Fund to the Law Enforcement Complex Fund to reimburse for 911 expenses, but it does not document the related disbursements.

Payroll Procedures and Personnel Policies

Centralized records of leave balances are not maintained, and audit staff identified errors and inconsistencies in the leave records. Timesheets for Road and Bridge employees are not signed by the employee or the supervisor, and timesheets for Sheriff Department employees in supervisory positions are not signed as approved by the Sheriff.

Property Tax System

Prior audit reports have identified concerns in the County Collector's office, and controls and procedures over the property tax system still need improvement. Approximately \$34,000 more than allowed by law was withheld from tax collections and disbursed to the Assessment Fund because the County Collector did not adequately monitor the amounts withheld. Neither the Collector nor the County Clerk adequately reviewed the tax books to ensure their accuracy. The County Commission does not review changes to the amount of taxes the County Collector is charged with collecting, and the total of the Collector's 2010 current real estate tax book did not agree to amounts reported on the Collector's annual settlements. During the 2 years ended February 28, 2011, \$61,000 in personal property taxes were outlawed and removed from the tax book without the approval of the County Commission. The method of payment is not recorded on tax receipts, and the composition of tax receipts is not reconciled to the composition of deposits. Monies received for partial payments are held in cash in envelopes in the County Collector's vault until full payment is received. During a cash count, audit staff noted 60 envelopes containing \$13,266 on hand. Receipt slips are not issued for some partial payments, and the County Collector's spreadsheet used to track partial payments is not accurate and complete.

Prosecuting Attorney Controls and Procedures	Accounting duties are not adequately segregated. The bad check clerk responsible for all bad check receipting, recording, depositing and disbursing also has the ability to post adjustments in the computer system without independent approval. Delinquent tax collections are not always transmitted to the Missouri Department of Revenue timely.
Sheriff Controls and Procedures	Inmate receipt slips do not indicate the method of payment and are not always issued in sequential order, and not all copies of voided receipt slips or bond receipt slips are retained.
Public Administrator Controls and Procedures	Annual settlements are not always filed in a timely manner. At December 31, 2010, 86 annual settlements were due to the Probate Court.
Board for the Care of the Handicapped	As noted in our prior audit report, the Board for the Care of the Handicapped does not adequately monitor payments to various not-for-profit agencies. Recipient agencies are contractually required to submit monthly financial reports or other documentation, but the Board does not enforce this requirement.
Capital Assets	County property procedures and records are not adequate. Asset records are not always requested or received by the County Clerk, and county procedures do not ensure their accuracy.
Additional Comments	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.

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

American Recovery and Reinvestment Act (Federal Stimulus)	Butler County was awarded a \$118,019 Homelessness Prevention and Rapid Re-housing Program grant, all of which was expended to provide homelessness prevention and rapid re-housing assistance.
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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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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Butler County

We have audited certain operations of Butler County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, P.C., Certified Public Accountants, was engaged to audit the financial statements of Butler County for the 2 years ended December 31, 2010. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2010. 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 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 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 control work, (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 Butler County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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Butler County Management Advisory Report State Auditor's Findings

1. County Procedures Procedures relating to procurement and disbursement of county funds need improvement.

1.1 Procurement procedures County officials need to better document procurement process decisions. Adequate documentation was not maintained to support oral quotes received or when performing price comparisons for used vehicles and equipment. For example, county officials indicated oral quotes were obtained before purchasing bulk fuel (\$102,635), prisoner food (\$260,382), and concrete (\$39,042); however, documentation of the quotes was not retained. County officials also indicated they knew what prices were reasonable and what they were willing to pay for eight used patrol cars (\$60,385) and a used bucket truck (\$17,200); however, there was no documentation of price comparisons or other information to support their conclusions.

Additionally, county officials indicated several purchases, such as gravel (\$78,000), were sole source purchases; however, the reason for a sole source process was not documented. Further, purchases of culverts (\$6,470) were stated to have been for emergency related purchases; however, the emergency was not documented. Procurement procedures for other purchases, such as equipment for Sheriff vehicles (\$19,693) and vehicle repairs (\$13,644) were also not documented.

Section 50.660, RSMo, provides bidding requirements. 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 proposals received, and the county's selection process and criteria should be retained to demonstrate compliance with applicable laws or regulations and support decisions made.

1.2 Bond refinancing The County Commission refinanced general obligation bonds through a negotiated instead of competitive sale. The County Commission refinanced \$1.7 million in general obligation bonds in February 2010. In addition, the Commission did not select the bond underwriter or bond counsel competitively. According to the County Clerk, the Presiding Commissioner was approached by the underwriter who provided a presentation to some of the elected officials and the County Commission voted to refinance the bonds. The underwriter recommended the bond counsel since they had the original bond financing for the county. Underwriter fees, bond counsel, and other related costs of refinancing totaled \$52,750.

Historically, negotiated bond sales result in increased interest costs. While Missouri law does not require competitive bond sales, the historically lower interest costs on competitive sales suggest such sales to be in the best interest of the county.



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1.3 Disbursement review

Procedures used to review invoices and document receipt of goods and services need improvement. During our review of disbursements, we identified a credit the county had not received totaling \$3,226 for returned equipment parts. A note indicating a credit was due for returned parts was included on an October 2010 invoice that was submitted to the County Commission for review and approval for payment. The invoice was paid, but the credit was not received on future invoices. In October 2011, over a year later, the county requested and obtained a credit for the \$3,226 overpayment after we brought the credit to the County Clerk's attention.

Additionally, documentation acknowledging receipt of goods for items such as office supplies and maintenance supplies, was not indicated on many of the invoices paid by the county.

A thorough and documented review of disbursements reduces the possibility of duplicate payments, and documentation of the receipt of goods or services is necessary to ensure the county actually received the items or services.

1.4 Vehicle procedures

The mileage allowance paid to the Sheriff is not reported as taxable compensation. Procedures to track fuel and vehicle usage for the county road and bridge department need improvement.

- The County Commission pays the Sheriff a monthly mileage allowance of \$850 or \$10,200 annually. While the Sheriff maintained mileage logs in previous years, no logs were maintained for 2009 and 2010. Without documentation to support these payments, the payments represent taxable compensation that should be reported on the Sheriff's W-2 form.
- Bulk fuel tanks at the Road and Bridge Department are not metered. Logs documenting fuel pumped and vehicle mileage are not maintained for the vehicles and equipment. In addition, the road and bridge supervisor does not retain individual fuel delivery tickets, and only periodic billings are submitted to the County Clerk for payment when the vendor fills the bulk fuel tanks. Accounting records indicated fuel purchases for road and bridge activities total approximately \$222,000 annually.

If documentation is not maintained of employee reimbursed expenses, Internal Revenue Service (IRS) regulations require the payments to be considered gross income and payroll taxes be withheld and paid. Further, mileage and fuel usage logs are necessary to document the appropriate use of road and bridge vehicles and equipment and to support fuel charges. The logs should include sufficient information to allow reconciliations of fuel use to fuel purchases and determine reasonableness of miles driven.



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1.5 911 Fund transfer

Annually the County Commission approves a transfer of \$100,000 from the 911 Fund to the Law Enforcement Complex (LEC) Fund to reimburse for salaries related to 911 dispatching and other 911 related costs. However, the County Commission does not document which salaries were reimbursed, identify 911 related disbursements, or maintain other data to support the amount of the transfer.

Monies in the 911 Fund represent revenues which are restricted by statute to providing emergency dispatching services. Costs paid by the fund should be clearly related to the services allowed by law and documentation retained to demonstrate the disbursements comply with statutory restrictions.

Recommendations

The County Commission:

- 1.1 Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
- 1.2 Pursue fair and open competition for future bond sales.
- 1.3 Ensure all invoices are adequately reviewed, credit for returned items is received, and all invoices are initialed or signed by an employee to indicate acceptance of goods or services.
- 1.4 Work with the Sheriff to obtain documentation to support the payments made to the Sheriff, or consider the payments taxable income and report the payments on the Sheriff's W-2 form. Further, the County Commission should ensure appropriately detailed fuel usage and mileage records are maintained and monitored for the road and bridge department.
- 1.5 Maintain adequate documentation to support the transfer of 911 Fund monies to the LEC Fund.

Auditee's Response

The County Commission provided the following written responses:

- 1.1 *We are currently maintaining better documentation of the procurement process used for county purchases.*
- 1.2 *This bond will be paid off in approximately 2 years and there will be no further need for this type of financing. This opportunity came up quickly and we admit more time could have been taken; however, a significant amount of county money was saved by refinancing the bonds.*
- 1.3 *We will ensure disbursements are thoroughly reviewed and the receipt of goods or services is documented.*



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1.4 We have obtained mileage documentation from the Sheriff for 2011 and 2012, and have located documentation for one month in 2010. We will discuss this situation with the Sheriff and work with him to obtain documentation for 2009 and 2010. We have already addressed and corrected fuel concerns in the Road and Bridge Department. We have added meters to all pumps, obtained a metered mobile gas tank, and implemented mileage and fuel logs. We will ensure that all fuel tickets are attached to fuel invoices.

1.5 We plan to better document the transfer of 911 Fund monies in future budgets.

The Sheriff provided the following written response:

1.4 Documentation for 2009 and 2010 mileage has been located and copies will be provided to the County Clerk and County Commission.

2. Payroll Procedures and Personnel Policies

Improvement is needed over payroll procedures.

2.1 Leave records

Centralized records of leave balances are not maintained and reviewed by the County Commission, and some leave records contained errors and inconsistencies.

Centralized leave records

Centralized records of leave balances are not maintained. Each official or department head is responsible for recording and accumulating employee leave balances, and most leave records are not submitted to the County Clerk's office until the end of the year. Other leave records are not submitted to the County Clerk's office at all. For instance, leave records maintained for road and bridge department employees are kept by the Highway Department Supervisor and not submitted to the County Clerk or reviewed by the County Commission.

Leave balances

Our review of leave records maintained by the various county offices identified errors and inconsistencies.

- The sick leave balance reported for one county employee on July 1, 2009, totaled 2,000 hours even though county policy states a maximum of 1,000 sick leave hours may be accumulated. On July 1, 2009, the County Commission signed an agreement with the employee stating the employee would be allowed to use the 2,000 hours by taking 1 day off (Friday) each week from the period of July 6, 2009, to April 18, 2014. Our review of this employee's leave records maintained by the Highway Department Supervisor showed a balance of 96 hours of sick leave on



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January 1, 2010; 1,000 hours on January 1, 2011; and 288 hours on January 1, 2012. When the Highway Department Supervisor was asked about the significant differences in the sick leave balances, he indicated he did not have a good understanding of the agreement between the county and the employee, but the balance for January 1, 2012, was accurate. Additionally, time records for this employee reflect 8 hours of work time on the Fridays he was not at work and utilizing 8 hours of sick leave as specified in the agreement.

- Vacation leave records were not accurately maintained by the Highway Department Supervisor for employees he supervises. We noted the 2010 vacation leave beginning balance for an employee was 240 hours (maximum allowed) and the running balance of vacation leave taken was 232 hours; however, the ending balance was zero, a difference of 8 hours. Based upon amounts recorded as used on the employee's 2010 data calendar (timesheet), only 224 hours of vacation leave was recorded, another difference of 8 hours. Other discrepancies were noted on other employee leave and payroll records for the road and bridge department.

The activity reflected on employee payroll records should be carefully reviewed for consistency and mathematical accuracy to ensure that employee leave balances are correct. In addition, the Fair Labor Standards Act of 1938 (FLSA) requires accurate records of actual time worked by employees be maintained. To ensure leave records are properly maintained, county leave policies are followed, and potential leave and/or compensatory time liabilities are monitored, leave records should be submitted to the County Clerk's office each month.

2.2 Timesheets

Timesheets for Road and Bridge employees are prepared by the supervisor but not signed by either the employee or the supervisor. Additionally, timesheets for Sheriff Department employees in supervisory positions are not signed as approved by the Sheriff.

Timesheets should be signed by all employees, verified for accuracy, and approved by the applicable supervisor to provide evidence of actual time worked.

Recommendations

The County Commission:

- 2.1 Require leave records be filed with the County Clerk's office monthly and reviewed for accuracy and compliance with county policies. Additionally, the County Commission should ensure employee leave records are accurately maintained and timesheets accurately reflect leave taken and hours worked.



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2.2 And the Sheriff ensure timesheets are signed by the employee and approved by the applicable supervisor.

Auditee's Response

The County Commission provided the following written responses:

2.1 *We will request all county officials to submit accumulated leave records to the County Clerk's office at least annually during budget time. We will also take steps to ensure timesheets and leave balances are accurately maintained.*

2.2 *Timesheets will be signed by all employees and their supervisors.*

The Sheriff provided the following written response:

2.2 *I will sign Lt. Evans time sheet. Lt. Evans and Supervisors are responsible for signing all others.*

3. Property Tax System

Controls and procedures over the property tax systems need improvement. Prior audit reports have addressed concerns in the County Collector's office. The County Collector's office processed property taxes totaling approximately \$41 million during the 2 years ended February 28, 2011.

3.1 Assessment withholdings

The County Collector did not adequately monitor amounts withheld from tax collections for the Assessment Fund, and as a result, approximately \$34,000 more was withheld from tax collections and disbursed to the Assessment Fund than allowed by state law during the 2 years ended February 28, 2011.

Section 137.720, RSMo, provides a percentage be deducted from property tax collections and deposited into the Assessment Fund. Prior to July 1, 2009, this percentage was 1.45, and, after July 1, 2009, the percentage increased to 1.7; however, Section 137.720.3 limits the amount of 1/2 of 1 percent of the deduction to \$75,000. We reviewed the assessment withholding for calendar years 2010 and 2009 and noted amounts withheld representing the .50 withholding limited by statute were \$102,577 and \$81,740, respectively. These amounts exceeded the limit by \$27,577 and \$6,740, for the 2010 and 2009 years.

Adequate monitoring of Assessment Fund withholdings is necessary to ensure compliance with statutory provisions. Further, the County Collector should calculate the refund amount owed to each taxing district and issue refund checks to correct the excess withholding.

3.2 Property tax records

Adequate reviews of the tax books were not performed by the Collector or the County Clerk to ensure the tax books were accurately prepared. The Collector also does not review totals in the tax books for accuracy.



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The total of the 2010 current real estate tax book did not agree to amounts reported on the Collector's annual settlement. It was determined that city taxes of approximately \$1.1 million were included in the tax book total twice. Individual tax amounts and tax statements only included the city taxes one time; however, the computer program incorrectly included city taxes twice when computing the tax book total.

The Collector indicated she relied on other reports generated from the computer system for the totals on her annual settlement. While the County Clerk certifies the tax books as being accurate, she only reviewed individual tax amounts for accuracy and compared tax totals on reports generated by the County Collector (not the actual tax books) to totals included in her account book. Incomplete and/or inaccurate tax records reduces the effectiveness of the tax books as a tool to track all taxes the County Collector is charged with collecting.

3.3 Outlawed taxes

The County Commission does not review personal property taxes outlawed each year by the County Collector. Personal property taxes totaling approximately \$61,000 were outlawed and removed from the tax book during the 2 years ended February 28, 2011, without the approval of the County Commission. As a result, changes to the amount of taxes the County Collector is charged with collecting are not properly monitored. Section 137.260, RSMo. requires the tax books only be changed by the County Clerk under the order of the County Commission.

3.4 Receipting and depositing

Procedures related to receipting and depositing need improvement.

- The method of payment is not indicated on the tax receipts, and the composition of tax receipts is not reconciled to the composition of deposits. The computer reports show the method of all tax payments as check. According to the Collector, check is the default on the computer screen when the payment is entered and the default method is not changed.
- Monies received for partial payments are not deposited, but held as cash in envelopes in the County Collector's vault until full payment is received. Additionally, if a partial payment is received by check, the check is deposited and cash from other collections is withheld from the daily deposit and placed in the vault. During a cash count on August 9, 2011, we noted 60 envelopes containing \$13,266 on hand.
- Daily cash receipts are used to cash personal check for county employees.

To adequately account for collections and reduce the risk of loss or misuse of funds, the method of payment should be recorded and reconciled to



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deposits, all monies should be deposited intact, and the practice of cashing personal checks should be discontinued.

3.5 Partial payments

Records accounting for partial payments need improvement.

- Receipt slips are not issued for some partial payments received. We noted 44 of 78 partial payments counted on August 9, 2011, did not trace to a receipt slip. The Collector maintains an unofficial manual receipt book to record partial payments. Our review of the book identified receipt slips not issued in sequential order, and some copies of the receipt slips were missing.
- The County Collector's spreadsheet used to track partial payments on hand is not accurate and complete. At the time of our cash count, three payments totaling \$245 were not on the spreadsheet, and a payment totaling \$176 was documented on the spreadsheet on two different dates.

To ensure all monies received for partial payments are accounted for properly, official receipt slips should be issued for all payments received, and amounts posted to the partial payment spreadsheet should be reconciled to total partial payments on hand.

Recommendations

- 3.1 The County Collector monitor the amounts retained for the Assessment Fund and refund approximately \$34,000 to the taxing districts.
- 3.2 The County Collector and the County Clerk ensure property tax books are accurately prepared and agree with amounts reported on the Collector's annual settlements.
- 3.3 The County Commission review property taxes outlawed each year.
- 3.4 The County Collector ensure the method of payment is indicated on all receipt slips, reconcile the composition of receipts to the composition of deposits, deposit all receipts intact, and discontinue the practice of cashing personal checks.
- 3.5 The County Collector ensure official prenumbered receipt slips are issued for all partial payments and the partial payments spreadsheet is reconciled to the amount of partial payments on hand.

Auditee's Response

The County Collector provided the following written responses:

- 3.1 *The \$34,000 has been refunded to the taxing districts. Our new system has the appropriate withholding limits in the program.*



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- 3.2 *This has been corrected. The 2011 tax book has accurate totals.*
- 3.3 *This has been corrected. A court order has been obtained for taxes outlawed in 2012.*
- 3.4 *This has been corrected. The new system indicates the method of payment in the system. We have discontinued cashing personal checks.*
- 3.5 *Receipt slips are issued for all monies. We are considering opening a separate bank account for partial payments. The spreadsheet is being kept up to date.*

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

- 3.2 *The County Clerk will ensure property tax books are accurate.*
- 3.3 *We will begin approving taxes outlawed in the same manner that we approve tax book additions and abatements.*

4. Prosecuting Attorney Controls and Procedures

Some weaknesses exist in accounting controls and procedures in the Prosecuting Attorney's office. The Prosecuting Attorney's office collected approximately \$445,000 and \$609,000 in 2010 and 2009, respectively.

4.1 Segregation of duties

The bad check clerk who is responsible for all bad check receipting, recording, depositing, and disbursing functions has the ability to post adjustments to defendant accounts in the computer system without documented independent approval. While the administrative assistant indicated she reviews a list of adjustments manually prepared by the bad check clerk, this review is not documented or compared to the entries posted in the computer system.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly, adjustments are valid, and assets are adequately safeguarded. If adequate segregation cannot be achieved, at a minimum, periodic supervisory reviews of accounting records, which would include a documented review of adjustments made to the computer system, should be performed and documented by the Prosecuting Attorney or his designee.

4.2 Depositing

Delinquent tax collections are not always transmitted to the Missouri Department of Revenue (DOR) timely. We noted two checks totaling \$1,000 received on July 15 and 27, 2011, were not transmitted to the DOR until September 1, 2011. According to the administrative assistant, these



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monies are usually transmitted to the DOR monthly; however, receipts were only transmitted 7 months during 2010.

To ensure all receipts are accounted for properly, transmittals should be made on a timely basis.

Recommendations

The Prosecuting Attorney:

- 4.1 Adequately segregate the duties of receiving, depositing, and recording bad check monies from the duty of posting adjustments to the computer system, or ensure a supervisory review of the accounting records, including adjustments, is performed and documented.
- 4.2 Ensure all transmittals to the DOR are made timely.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

- 4.1 *I feel that duties are segregated to the extent possible; however, I plan to check to see if an adjustment report can be generated from our computer system.*
- 4.2 *We will begin transmitting delinquent tax payments more timely.*

5. Sheriff Controls and Procedures

The method of payment is not indicated on inmate receipt slips issued by jail personnel, receipt slips issued for inmate monies are not always issued in sequential order, and some copies of voided receipt slips are not retained. In addition, the office copy of receipt slips issued for bond monies is not always retained. We noted some instances where all three copies were missing from the book and a sticker had been placed on the back of the preceding page by clerical personnel with the bond information on it. The Sheriff's office collected approximately \$480,000 and \$420,000 in 2010 and 2009, respectively.

To ensure all receipts are accounted for properly, the method of payment should be recorded on all receipt slips and reconciled to deposits, receipt slips should be issued in sequential order, and the office copy of issued receipt slips and all copies of voided receipt slips should be retained.

Recommendation

The Sheriff ensure the method of payment is documented on all receipt slips and reconciled to deposits, require receipt slips be issued in numerical order, and ensure the office copy of issued receipt slips and all copies of voided receipt slips are retained.



Auditee's Response

The Sheriff provided the following written response:

Receipting procedures will be implemented in compliance with the Auditor's recommendation.

6. Public Administrator Controls and Procedures

Annual settlements are not always filed in a timely manner. At December 31, 2010, 86 annual settlements were due to the Probate Court with some due dates dating back to March 2010. According to the Probate Court, annual settlements have been filed as much as 2 years late; however, steps have been taken recently to attempt to file annual settlements more timely. The Public Administrator is the court appointed personal representative for wards of the Probate Division, and was responsible for the financial activity of 272 individuals for the year ended December 31, 2010.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. Timely settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

Recommendation

The Public Administrator should ensure annual settlements are filed timely.

Auditee's Response

The Public Administrator provided the following written response:

Annual settlement filing is now up to date. As of May 16, 2012, only one annual settlement is due.

7. Board for the Care of the Handicapped

The Board for the Care of the Handicapped does not adequately monitor payments to various not-for-profit (NFP) agencies. The Board received property taxes and other miscellaneous receipts totaling approximately \$962,000 for the 2 years ended December 31, 2010 to provide sheltered workshop, residential, and transportation services to handicapped Butler County citizens. The County Treasurer serves as custodian for the Care of the Handicapped Fund.

While contracts with the NFP agencies require them to submit information regarding projects, goals undertaken, and monthly financial reports or other documentation that would enable the Board to monitor the use of monies, no reports or other documentation have been submitted according to the Board Treasurer. The Board meets twice a year to approve funding for the various agencies, and relies on the County Commission to approve periodic payments to the NFP agencies based upon schedules established by the annual budget or periodic requests.

Additionally, the NFP agencies do not provide the Board documentation of their beginning or projected ending cash balance amounts on annual funding



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requests. These requests only include anticipated revenues and disbursements.

Further, the Board funding provides a subsidy to each agency rather than paying for specific services, and the annual funding agreements do not establish minimum levels of service necessary to earn the monies budgeted.

Without requiring NFP agencies to submit information regarding projects, goals undertaken, and monthly financial reports as required by contract, the Board cannot adequately monitor how funds are spent and ensure the funds are used appropriately.

A similar condition was noted in our prior audit report.

Recommendation

The Board for the Care of the Handicapped obtain documentation from NFP agencies as required by the contracts, and ensure funding requests include beginning and projected ending cash balance amounts of the NFP.

Auditee's Response

The Board for the Care of the Handicapped provided the following written response:

The Butler County Board for the Care of the Handicapped will discuss and address the recommendations made by the State Auditor regarding the issues in the Butler County Management Advisory report. The State Auditor's findings will be addressed at a future board meeting when a quorum can meet to adequately discuss the findings and recommendations.

8. Capital Assets

Procedures and records to account for county property are not adequate. The County Commission does not have adequate procedures in place to ensure capital asset records are requested and received from all county offices. Asset records were not requested or received in 2010, and not all offices returned the records to the County Clerk's office in 2009. County owned property is valued at approximately \$1.9 million on the county insurance policy.

In addition, procedures have not been established to ensure the accuracy of asset records. Asset records provided to the County Clerk do not always include necessary information such as serial numbers, purchase dates, and acquisition costs. During our review of vehicle and equipment purchases, we noted three sheriff vehicles and a bucket truck for the road and bridge department were not recorded on an asset record.

Also, each county official is responsible for authorizing dispositions instead of the County Commission, and some offices do not include the date and means of dispositions on asset records.



Butler County
Management Advisory Report - State Auditor's Findings

Adequate capital asset records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Procedures to track capital asset purchases and dispositions throughout the year and compare to inventory reports from various county offices and departments would enhance the county's ability to account for capital assets and potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Section 49.093, RSMo, provides that the officer or their designee of each county department is responsible for performing annual inspections and inventories of county property used by their department and for submitting an inventory report to the County Clerk.

Recommendation

The County Commission and County Clerk work with other county officials to ensure complete and accurate capital asset records are maintained, capital asset purchases and dispositions are tracked throughout the year, and asset dispositions are properly approved and documented.

Auditee's Response

The County Commission provided the following written response:

We have established a spreadsheet to track county assets and it will be provided to all elected officials in October of each year.

Butler County

Organization and Statistical Information

Butler County is a county-organized, third-class county. The county seat is Poplar Bluff.

Butler 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 127 full-time employees and 11 part-time employees on December 31, 2010.

In addition, county operations include the Board for the Care of the Handicapped and the Senior Citizens' Board.

Elected Officials

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

Officeholder	2011	2010
Ed Strenfel, Presiding Commissioner	\$	39,381
Don Anderson, Associate Commissioner		37,321
Jeff Darnell, Associate Commissioner		37,321
Debby Lundstrom, Recorder of Deeds		56,687
Tonyi Deffendall, County Clerk		56,687
Kevin Barbour, Prosecuting Attorney		109,366
Mark Dobbs, Sheriff		61,104
Joe Humphrey, County Treasurer		56,687
Jim Akers, County Coroner		37,321
Sharron Payne, Public Administrator		56,687
Brenda Fox, County Collector (1), year ended February 28 (29),	79,954	
Marion Tibbs, County Assessor, year ended August 31,		56,687

(1) Includes \$23,005 of commissions earned for collecting drainage district and city property taxes.



Butler County
Organization and Statistical Information

**Financing
Arrangements**

On December 1, 1998, Butler County issued Leasehold Revenue Bonds for the Butler County Jail project. These bond were refinanced for \$1,700,000 in February 2010. The average annual interest rate is 3.212 percent and the bonds are payable in annual installments ranging from \$400,000 to \$440,000 and mature on December 31, 2013. The balance at December 31, 2010, was \$1,265,000.

**American Recovery and
Reinvestment Act 2009
(Federal Stimulus)**

According to county personnel, the county received the following American Recovery and Reinvestment Act of 2009 funding during the 2 years ended December 31, 2010:

A Homelessness Prevention and Rapid Re-housing Program grant was awarded by the U.S. Department of Housing and Urban Development to the Missouri Department of Social Services and \$118,019 was passed through to Butler County. This grant provided homelessness prevention assistance to households that would have otherwise become homeless and rapid re-housing assistance to persons who were homeless. The full amount of the grant was received and passed through to a not-for-profit entity during the year ended December 31, 2010.