



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

March 31, 2010

Charity Banks  
Recorder of Deeds  
PO Box 47  
Greenville, MO 63944

Dear Recorder Banks:

At your request, on March 23, 2010, my office performed a limited review of the records and procedures of the Recorder of Deeds' office. Prior to our review, you indicated you had put some of your own money into the Recorder of Deeds' account due to a shortage in the account. In addition, you indicated you had not implemented the recommendations from our audit of *Wayne County* (Report No. 2009-03) even though a shortage of \$345 was indicated in that report.

We reviewed bank statements, daily receipt reports, deposit slips, monthly collected fees (disbursements) reports, and other records for the period of January 2008 through February 2010; however, the review was not necessarily limited to that time period. Our review was based upon selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this letter.

Our review indicated some monies recorded as received were not deposited into the Recorder of Deeds' bank account. The shortage in the account as of February 28, 2010, would have been \$4,788 had you not deposited \$3,136 of your personal monies to the account on February 18, 2010. In addition, you deposited \$1,990 of personal monies into the account on March 23, 2010. The shortage in the account is also affected by bank charges, returned check charges, bad checks, and overdraft charges that have not been reimbursed or resolved.

During our review, several concerns related to internal controls were noted that require corrective action:

- A. Deposits are not reconciled to the daily fee report and, as a result, the missing monies were not discovered on a timely basis. In the majority of daily fee reports reviewed, the amount deposited is less than the amount recorded as received per

the daily fee report. No differences were noted for the months of March and April 2008, and just a few differences were noted each month for the months of May through October 2008. After October 2008, differences were noted almost daily. During the year ended December 31, 2009, receipts exceeded deposits by more than \$3,000. To ensure all monies received are deposited, the amount deposited must agree to the amount per the daily fee report, and the composition of monies received (cash, checks, and money orders) must be reconciled to the composition of deposits (i.e. cash received agrees to cash deposited).

- B. Bank reconciliations were not performed. As a result of not performing bank reconciliations, you did not realize your account did not have enough monies in it to cover monthly disbursements, and the account incurred \$700 of overdraft charges, of which only \$525 has been reimbursed by the bank. To ensure accounting records agree with bank records, bank reconciliations should be performed monthly, and any discrepancies investigated on a timely basis.
- C. Receipts are not deposited intact (see A) and on a timely basis. For example, a deposit dated November 6, 2008, was not deposited until June 2009, and three deposits dated December 10 through December 12, 2008, were not deposited until March 2009. To ensure against the loss or misuse of funds, deposits should be made intact on a daily basis.
- D. The daily fee reports are not totaled and reconciled to the corresponding monthly collected fees report. We noted, in most instances, that the total of the daily fee reports for the month did not agree to the monthly collected fees report. The monthly collected fees report total should be the total of all daily fee reports for the same month. We noted some monthly collected fees reports do not appear to be correct. For example, the monthly collected fees report for February 2010 (printed on February 26, 2010) indicated disbursements of \$2,885. However, actual disbursements totaled \$3,525. Upon our request, you provided a February 2010 monthly collected fees report (printed on March 25, 2010) that totaled \$3,525. You indicated you did not know why the same report printed on different dates would have different total amounts. To ensure all monies received are properly disbursed, a reconciliation should be performed to ensure the two records are in agreement, and if not, the discrepancies should be identified and resolved.
- E. Disbursements to the state for fees collected may not always be made timely. While the checks were written monthly, some checks to the Missouri Department of Revenue took almost 2 months to clear. Normally, these checks cleared within one month of being written. All fees received should be disbursed monthly.
- F. While reviewing disbursements, some checks written to the Missouri Department of Revenue for the Children's Trust Fund did not agree to the Children's Trust Fund amount per the monthly collected fees report. While it appears that total monthly disbursements agree to the monthly collected fees report, some of the

disbursements may not have been for the correct amounts. All fees disbursed should agree to the monthly collected fees report.

In our most recent audit report, we indicated that due to the poor records in the Recorder of Deeds' Office we were unable to determine if all monies were accounted for and distributed properly. Several of the conditions noted above were included in that report. Your responses essentially indicated you had implemented the recommendations. However, many of the recommendations in that report have not been implemented, as indicated above. You should review procedures to ensure the recommendations in the prior audit and the recommendations above are implemented.

Current procedures do not provide assurance against the loss or misuse of funds, and we are unable to determine if all monies were accounted for and distributed properly.

Should you have any questions or concerns regarding the above information, please contact Randall Gordon, Audit Manager, at (573)751-4213.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan Montee".

Susan Montee, JD, CPA  
State Auditor

CC: Presiding Commissioner Brian Polk