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Missouri State Auditor

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# FOLLOW-UP REPORT ON AUDIT FINDINGS

## Pulaski County



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June 2012

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# Pulaski County

## Follow-Up Report on Audit Findings

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# THOMAS A. SCHWEICH

## Missouri State Auditor

To the County Commission  
and  
Officeholders of Pulaski County

We have conducted follow-up work pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program on certain audit report findings contained in Report No. 2011-110, *Pulaski County*, issued in November 2011. 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 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 reports summarizing the status of our recommendations and supporting documentation submitted by county officials. We also held meetings with the Sheriff and the Prosecuting Attorney to seek clarification and review additional documentation. Some of the documentation reviewed included Karpel system reports, bank reconciliations, County Treasurer printouts, payment agreements, bond receipt book, and conceal and carry receipts and disbursements from January through April 2012. This report is a summary of the results of this follow-up work, which was substantially completed during April 2012.

Thomas A. Schweich  
State Auditor

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# Pulaski County

## Follow-Up Report on Prior Audit Findings

### Status of Findings

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#### 1. Prosecuting Attorney Procedures

The disposition of receipts totaling \$2,777 was not properly documented. Procedures related to receipts, supervisory review, accounting for bad check complaint forms, and bank reconciliations needed improvement. In addition, fees collected on bad check cases were not properly disbursed.

##### 1.1 Receipts

Accounting records were not sufficient to verify the disposition of 19 receipts totaling \$2,777.

- Receipts were not deposited intact and some receipts were not recorded in the accounting system or deposited. While receipt slips were written when monies were received, the monies receipted were not reconciled to monies recorded in the accounting system or to monies deposited. Monies received were not always deposited intact with other receipts.

Our review of January 2009 through July 2011 receipts identified 59 receipts totaling \$8,034 that were not deposited or recorded in the accounting system. However, the disposition of these receipts was not adequately documented. When monies received were forwarded to another Prosecuting Attorney's office or a Circuit Court, or were returned to the offender, documentation such as a receipt slip was not obtained to verify the disposition of the monies. Confirmation responses received from four individuals indicated seven payments totaling \$818 were not returned as indicated in the accounting records. Ultimately, documentation was not sufficient and we could not verify the disposition of 19 receipts totaling \$2,777.

- Receipts were not recorded in the accounting system or deposited timely.
- Money orders were not restrictively endorsed immediately upon receipt.

#### Recommendation

The Prosecuting Attorney ensure all monies received are recorded timely in the accounting system, deposited intact timely, and disbursed by official check. In addition, monies receipted should be reconciled to entries in the accounting system and to the monies deposited. Money orders should be restrictively endorsed immediately upon receipt.

#### Status

##### **Implemented**

The Prosecuting Attorney indicated all monies received are recorded in the BounceBack or Karpel/Quickbooks case management systems within 1 day of receipt, and receipts are deposited intact daily unless monies on hand are not significant. All monies are disbursed weekly by official check. The Prosecuting Attorney spot checks, on a monthly basis, that monies receipted are recorded in the case management system and deposited. Finally, the Prosecuting Attorney implemented a policy that all money orders received



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be restrictively endorsed immediately upon receipt and has obtained a restrictive endorsement stamp for that purpose.

## 1.2 Supervisory review

Accounting duties were not adequately segregated. The Prosecuting Attorney did not perform detailed reviews to ensure all monies received were properly deposited, recorded in the accounting system, and disbursed to the appropriate party.

### Recommendation

The Prosecuting Attorney perform and document supervisory reviews of the receipting, recording, and disbursing functions.

### Status

#### **Implemented**

The Prosecuting Attorney spot checks, on a monthly basis, that monies receipted are recorded in the case management system and deposited, and ensures the monthly disbursement total agrees to the monthly receipt total. The Prosecuting Attorney also performs and documents reviews of the monthly bank reconciliations for all bank accounts including investigation of adjustments and other reconciliation differences. The Prosecuting Attorney indicated disbursement checks require the signature of two of the office's prosecutors.

## 1.3 Tracking procedures

An adequate system to account for the disposition of all bad checks submitted to the Prosecuting Attorney's office for collection was not established.

### Recommendation

The Prosecuting Attorney develop procedures and records that provide sufficient information to track the disposition of all bad check complaints filed.

### Status

#### **Implemented**

The Prosecuting Attorney indicated that beginning in January 2012, all complaint forms are recorded upon receipt in the Karpel case management system which assigns a case number. The case number is recorded on the complaint form to ensure appropriate collection or court filing actions occur for all complaints received.

## 1.4 Bank reconciliations

Bank reconciliation procedures were not adequate to ensure accounting records agreed with bank records, errors were discovered on a timely basis, and outstanding checks were followed up on properly.

### Recommendation

The Prosecuting Attorney ensure bank reconciliations are prepared and reviewed timely. In addition, the Prosecuting Attorney should investigate and resolve unreconciled differences on the bank reconciliations and follow up on outstanding checks.



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**Status**

**Implemented**

The Prosecuting Attorney indicated bank reconciliations are prepared and reviewed timely. In addition, he ensures reconciling items are investigated and resolved in a timely manner. Outstanding checks are reviewed annually in January for any check outstanding for at least a year. A distribution is made to the state Unclaimed Property Fund if payees cannot be located. The Prosecuting Attorney indicated all unreconciled differences had been identified and corrected and any new instances of unreconciled differences must be resolved before he will close out his review of the bank reconciliation. We reviewed bank reconciliations for the BounceBack and Karpel/Quickbooks case management systems for the month of January 2012. The Prosecuting Attorney's review was documented by a cover memo and was performed between 4 and 8 weeks after the end of the month. The review of the bank reconciliations indicated there were no outstanding checks written prior to January 2011.

**1.5 Bad check fees**

The county had not made required payments to the Missouri Office of Prosecuting Attorneys (MOPS) for fees collected on bad check cases since January 2007, and as a result, owed MOPS \$17,754 as of August 31, 2011.

**Recommendation**

The Prosecuting Attorney remit \$17,754 to the Missouri Director of Revenue for MOPS fees previously collected, and remit MOPS fees monthly as required by state law.

**Status**

**In progress**

The MOPS liability for January through August 2011 totaled \$2,891 and was paid to MOPS from the Prosecuting Attorney User Fund in September 2011. The County Treasurer indicated that since September 2011, monthly payments have been made to MOPS related to the BounceBack case management system.

In addition, the Prosecuting Attorney's office also remits weekly payments to MOPS for cases initiated after January 2012 that are tracked by the Karpel/Quickbooks case management system. Copies of the checks and supporting documentation are provided to the County Treasurer for the county's records.

The County Commission signed an agreement in April 2012 with MOPS which requires the county to remit the \$14,863 unpaid balance to MOPS by December 31, 2012. Funds have been budgeted in the Prosecuting Attorney User Fund for this purpose.

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**2. Sheriff Procedures**

Procedures related to inmate monies, supervisory reviews, receipts, deposits, disbursements, and bank accounts needed improvement.



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## 2.1 Inmate monies

Cash totaling \$1,392, was held in the Sheriff's vault in trust for inmates as of June 28, 2011. Cash on hand held for inmates was \$200 less than the balances recorded on the inmate account logs. A reconciliation of monies on hand in the inmate envelopes to the inmate manual account logs was not performed.

Receipt slips were issued when inmate monies were received, and a manual account log was used to document cash held in the Sheriff's safe in trust for inmates and the release of monies from the safe to the inmates. However, some monies receipted were not recorded on the inmate logs and inmate signatures were not always obtained to document authorization to disburse monies. Some monies were released to inmates immediately upon receipt for use in the jail commissary vending machines. These receipts and disbursements were not recorded in the inmate logs or verified by inmate signatures. In addition, although inmate signatures were obtained when inmates withdrew monies for use in the jail vending machines, signatures were not obtained when monies were withdrawn to purchase prepaid telephone cards.

## Recommendation

The Sheriff deposit all inmate monies in an official bank account and ensure inmate monies are accounted for properly by recording all inmate monies received on the inmate account log and requiring the inmate signatures on the logs each time monies are withdrawn. In addition, the Sheriff should implement procedures to ensure independent reconciliations are periodically performed between monies held in trust for inmates and the inmate account logs.

## Status

### **Not implemented**

The Sheriff indicated inmate monies are still maintained in cash envelopes in the jail safe. The jail staff have been instructed to ensure all monies received are receipted and recorded on the inmate log and all monies disbursed are signed for by the inmates. However, the Sheriff did not believe the inmates were signing the receipts or the inmate log documenting their purchase of telephone cards and he has not performed any supervisory reviews to ensure the procedures are properly followed. No independent reconciliations of monies held in trust to the inmate account log totals have been performed. The Sheriff indicated he plans to implement an independent verification of receipts to inmate logs and an independent periodic reconciliation between monies held in trust for inmates and the inmate account logs.

## 2.2 Supervisory review

Accounting duties were not adequately segregated for civil service, inmate monies, or conceal and carry monies. The Sheriff did not perform detailed reviews to ensure all monies received were properly deposited or placed in the respective inmate's cash envelopes, recorded in the accounting records, and disbursed to the appropriate party.



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**Recommendation**

The Sheriff perform supervisory reviews to ensure receipt slips in the inmate, conceal and carry, and control receipt books are accounted for properly and agree to monies deposited, transmitted, or recorded in the inmate account logs.

**Status**

**Partially implemented**

The duties of accounting for civil service and inmate monies have not been subjected to supervisory reviews. The Sheriff indicated he plans to implement an independent verification of civil service and inmate receipts to deposits or a record on the inmate logs.

The Sheriff indicated procedures for conceal and carry receipts have changed and monies are transmitted to the County Treasurer daily. The Treasurer indicated she deposits the monies daily and accounts for the numerical sequence of the Sheriff's Department receipt slips to ensure all monies received have been remitted and reconciles the receipt slip total to the monies transmitted.

**2.3 Receipts**

Receipt procedures needed improvement.

- The Sheriff issued unnumbered receipt slips for cash bonds received at the jail.
- Receipt slips were not issued for inmate monies until February 2011.
- The numerical sequence of receipt slips for civil paper service, inmate monies, and conceal and carry permits were not accounted for properly.

**Recommendation**

The Sheriff issue prenumbered receipt slips immediately on receipt of all monies received. In addition, the Sheriff should account for the numerical sequence of receipt slips.

**Status**

**Partially implemented**

The Circuit Court has provided prenumbered bond receipt books for recording cash bonds and court personnel are responsible for accounting for the numerical sequence of the receipt slips transmitted to the court.

Inmate monies are now receipted; however, an independent verification of the numerical sequence of receipt slips is not performed.

An independent verification of the numerical sequence of receipt slips is not performed for civil paper service.

The Sheriff indicated he plans to implement an independent verification of civil paper service and inmate receipts to deposits or a record on the inmate





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logs which will also include accounting for the numerical sequence of receipt slips.

Conceal and carry receipts are receipted by the Sheriff's Department on prenumbered receipt slips and remitted daily to the County Treasurer along with a copy of the initial receipt slip. The County Treasurer initials the Sheriff's copy of each receipt slip when monies are remitted and accounts for the numerical sequence of the Sheriff's Department receipt slips to ensure all monies received have been remitted.

## 2.4 Deposits

Civil paper service fee receipts, which may have included payments in the form of cash, were held for long periods of time and were not deposited intact or timely. The deposit and transmittal of state and county conceal and carry permit fees are not performed at the same time.

## Recommendation

The Sheriff deposit all monies intact timely and distribute monies by official check.

## Status

### **Partially implemented**

Civil paper service monies are not deposited at the time of receipt but are held until paper service has been performed. When civil paper service cannot be performed, the original payment (check, money order, or cash) is returned to the payee rather than depositing the monies and issuing a refund check from the official bank account. The Sheriff indicated he plans to implement an independent verification of civil paper service receipts to deposit or other ultimate disposition.

Although not deposited by the Sheriff's Department, some improvement was made with conceal and carry receipts. Monies are receipted by the Sheriff's Department and remitted daily to the County Treasurer for deposit along with a copy of the initial receipt slip and a report of monies collected. The County Treasurer receipts the monies on a county receipt slip and initials the Sheriff's copy of each receipt slip. The County Treasurer accounts for the numerical sequence of the Sheriff's Department receipt slips to ensure all monies received have been remitted and reconciles the receipt slip total to the monies transmitted. The County Clerk's office prepares disbursement of the state's portion of the fees to the Missouri State Highway Patrol after ensuring amounts billed by the state have been deposited into the Sheriff's Revolving Fund and are available for disbursement.

## 2.5 Disbursements

Monies were not disbursed on a timely basis.

- In July 2011, cash totaling \$293 was held in the safe for 17 inmates that had been released from jail.



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- A \$400 electronic funds transfer received from the Social Security Administration on October 22, 2010, had not been turned over to the County Treasurer as of July 2011.
- Interest totaling \$1,106 earned on the bank accounts had not been turned over to the County Treasurer as of July 2011.

## Recommendation

The Sheriff ensure attempts are made to resolve unpaid balances of closed inmate accounts and inmate account balances are disbursed when an inmate is released. If the payees cannot be located, these monies should be disposed of in accordance with state law. In addition, the Sheriff should turn over all receipts and interest to the Treasurer monthly.

## Status

### Partially implemented

The Sheriff indicated the \$400 Social Security Administration receipt was turned over to the County Treasurer. Cash held for inmates that are no longer incarcerated is still held in the jail safe. Interest earned on the bank accounts has not been turned over to the County Treasurer.

The Sheriff indicated he plans to have a clerk attempt to locate the former inmates and disburse their funds or remit the monies to the state Unclaimed Property Fund. In addition, he plans to instruct the office staff to disburse interest earned to the County Treasurer monthly for accounts that make regular monthly distributions or annually if regular monthly distributions do not occur.

## 2.6 Inactive bank account

The Sheriff had two old inactive bank accounts which should be closed.

- The old inmate account used prior to 2010 for holding inmate monies received had a balance of \$2,560 as of May 31, 2011.
- The old fee account had a balance of \$945 as of December 31, 2010. This balance consisted of 47 checks which had been outstanding over a year.

## Recommendation

The Sheriff ensure bank reconciliations are prepared for all old bank accounts monthly. In addition, the Sheriff should investigate unidentified balances and follow up on old outstanding checks in the bank accounts. Unclaimed monies should be disposed of in accordance with state law, and the accounts should be closed.

## Status

### Not implemented

The Sheriff indicated no action has been taken to ensure bank reconciliations are prepared for these inactive accounts or that valid payees are located so that monies due to them can be paid out. The Sheriff indicated



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he plans to have a clerk begin reconciling these accounts, locating payees, and disbursing funds to located payees or to the state Unclaimed Property Fund. The accounts will be closed when this work is completed.