



Thomas A. Schweich
Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Schuyler County



June 2012
Report No. 2012-63

<http://auditor.mo.gov>

Schuyler County

Follow-Up Report on Audit Findings

Table of Contents

State Auditor's Letter	2
------------------------	---

Status of Findings

1.	Payroll Controls and Procedures.....	3
2.1	Mileage Expenses	4
3.1	Fuel Use	4
5.1	Sheriff's Segregation of Duties	4
5.2	Sheriff's Receipting and Depositing Procedures.....	5
5.3	Sheriff's Bank Reconciliations and Liabilities.....	5
5.4	Sheriff's Monthly Transmittals	5
6.1	Prosecuting Attorney's Segregation of Duties	6
6.2	Prosecuting Attorney's Tracking Procedures.....	6



THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Schuyler 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. 2012-09, *Schuyler County*, issued in February 2012. 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 supporting documentation provided by the county and held discussions with county officials. Documentation included various accounting records, bank statements, and invoices. This report is a summary of the results of this follow-up work, which was substantially completed during May 2012.

A handwritten signature in cursive script that reads "Thomas A. Schweich".

Thomas A. Schweich
State Auditor

Schuyler County

Follow-Up Report on Prior Audit Findings

Status of Findings

1. Payroll Controls and Procedures Various payroll controls and timekeeping procedures needed improvement.

1.1 Timesheets and Leave Records Salaried county employees who were not exempt from overtime requirements of the Fair Labor Standards Act (FLSA) of 1938 did not prepare timesheets. In addition, the County Clerk's office was not notified of actual time worked or leave taken for these individuals. The County Clerk's office did not keep centralized records of employee leave or compensatory time balances.

Recommendation The County Commission require all county employees to prepare timesheets. These timesheets should be signed by the employee, approved by the appropriate supervisor, and filed with the County Clerk. In addition, centralized leave records should be maintained for all county employees.

Status **In progress**
The county indicated all employees are required to prepare and submit timesheets to the County Clerk's office for each pay period. Centralized leave records for hourly employees are maintained and centralized leave records for salaried employees are in process.

1.2 Sheriff Employees The Sheriff's time and leave policies may not have complied with the FLSA. While seven dispatchers were paid hourly and prepared timesheets (and were paid overtime for more than 40 hours per week), the Sheriff did not require two deputies to prepare timesheets or otherwise report total hours worked. The deputies were salaried and routinely worked more than 40 hours per week or more than 171 hours during a 28-day period; however, the deputies were not paid overtime and did not earn compensatory time.

While the FLSA exempts law enforcement agencies from overtime requirements if there are less than five law enforcement employees during a work week, it appears the dispatchers may qualify as law enforcement employees because they serve as jailers when the Sheriff or deputies are not at the jail. According to 29 CFR § 553.211(f), security personnel in correctional institutions should be included when calculating the number of employees for exemption purposes.

Recommendation The Schuyler County Commission and the Sheriff review the Sheriff's time and leave policies to ensure compliance with the FLSA.

Status **Implemented**
The county obtained a written opinion from outside legal counsel which indicated the Sheriff's leave policies are in compliance with the FLSA.



Schuylers County
Follow-up Report on Prior Audit Findings
Status of Findings

2.1 Mileage Expenses

Adequate vehicle mileage records were not maintained, and as a result, duplicate payments may have been made to the Sheriff and a Sheriff's deputy. The Sheriff and one of the two deputies used their personal vehicles for official duties (the other deputy used a county-owned vehicle), and were each reimbursed mileage by the county for a monthly maximum of 2,000 miles. In addition to the monthly maximum amount, the Sheriff and deputy were reimbursed by the county for mileage incurred for the transportation of prisoners to Missouri Department of Correction facilities and for civil process mileage incurred when serving court documents. Mileage logs maintained by the Sheriff and deputy did not adequately identify civil process and prisoner transportation mileage.

Recommendation

The County Commission work with the Sheriff to ensure mileage records are maintained to prevent duplicate mileage payments for prisoner transportation and civil process.

Status

Implemented

Civil process and prisoner transportation mileage is identified separately on daily logs and deducted from total miles reported for monthly reimbursement.

3.1 Fuel Use

Mileage and fuel use logs were not maintained for road and bridge vehicles and equipment, and fuel use was not reviewed or reconciled to fuel purchased.

Recommendation

The County Commission require mileage and fuel use logs for all vehicles and equipment and review the logs for reasonableness. In addition, fuel use should be reconciled to fuel purchases, and any significant discrepancies should be investigated.

Status

Partially implemented

The county has established logs to record fuel pumped for each bulk fuel tank and reconciles fuel pumped to fuel purchases. The county has not established separate mileage and fuel logs for each county vehicle and equipment.

5.1 Sheriff's Segregation of Duties

Accounting duties were not adequately segregated, and the Sheriff indicated he performed no supervisory reviews of accounting records.

Recommendation

The Sheriff adequately segregate accounting duties to the extent possible or ensure independent or supervisory reviews of accounting records are performed and documented.



Schuylers County
Follow-up Report on Prior Audit Findings
Status of Findings

Status

Not implemented

The Sheriff's bookkeeper continues to be responsible for all accounting duties, and independent or supervisory reviews of accounting records are not performed.

5.2 Sheriff's Receipting and Depositing Procedures

Some receipts were not recorded immediately upon receipt, and receipt slips were not issued for some monies received. Additionally, receipts were not recorded on a cash control ledger or reconciled to amounts deposited or transmitted to other agencies.

Recommendation

The Sheriff issue pre-numbered receipt slips for all monies received immediately upon receipt. Additionally, the Sheriff should ensure monies are recorded on a cash control ledger and reconciled to deposits and transmittals, including the composition of receipts to deposits.

Status

Implemented

Review of April 2012 receipts in the Sheriff's office indicates the office is issuing receipt slips for all monies received and is recording receipts on a cash control ledger. Amounts recorded on the cash control ledger are reconciled to deposits and transmittals, including the composition of receipts to deposits.

5.3 Sheriff's Bank Reconciliations and Liabilities

The Sheriff's office did not prepare bank reconciliations on a monthly basis. In addition, the Sheriff's office did not prepare monthly lists of liabilities, and therefore, liabilities were not reconciled to the balance in the Sheriff's bank account. Upon our request, the Sheriff's office prepared bank reconciliations through the month of August 2011. At August 31, 2011, the reconciled bank balance exceeded identified liabilities by \$874.

Recommendation

The Sheriff prepare formal bank reconciliations monthly and reconcile bank balances to monthly lists of liabilities ensuring any differences between accounting records and reconciliations are investigated and resolved. Additionally, after sufficient efforts are made to resolve discrepancies, any remaining unidentified monies should be disposed of in accordance with state law.

Status

Partially implemented

The Sheriff's office distributed the unidentified balance of \$874 to the County Treasurer as unclaimed property. Formal bank reconciliations and liabilities lists were not prepared after August 31, 2011.

5.4 Sheriff's Monthly Transmittals

The Sheriff did not always transmit fees to the County Treasurer on a timely basis.



Schuylers County
Follow-up Report on Prior Audit Findings
Status of Findings

Recommendation

The Sheriff transmit fees monthly to the County Treasurer.

Status

Implemented

The Sheriff's office has transmitted fees monthly to the County Treasurer since February 2012.

6.1 Prosecuting Attorney's Segregation of Duties

Accounting duties were not adequately segregated, and the Prosecuting Attorney indicated he performed no supervisory reviews of accounting records.

Recommendation

The Prosecuting Attorney adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.

Status

Implemented

The Prosecuting Attorney indicated he reviews the bad check receipts ledger and signs the monthly report of fees collected and transmitted to the County Treasurer.

6.2 Prosecuting Attorney's Tracking Procedures

Bad check complaint forms prepared by merchants were not numbered, nor was a separate case file prepared for each bad check filing. The same sequence of prenumbered receipt slips was used when both a bad check complaint form was received and when payment was made. Monthly transaction ledgers did not allow for adequate tracking of the disposition of bad checks.

Recommendation

The Prosecuting Attorney develop procedures and records that provide sufficient information to track each bad check complaint from the date filed to the ultimate disposition.

Status

Implemented

Bad check complaint forms are numbered and case files are prepared for each complaint. The Prosecuting Attorney's office has established a spreadsheet to record all bad check complaints received and their disposition.