



Thomas A. Schweich

Missouri State Auditor

Dent County



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Dent County

Sheriff Controls and Procedures	The Sheriff has not adequately segregated accounting duties and does not perform supervisory reviews. The Jail Administrator does not perform monthly bank reconciliations for bank accounts and does not timely deposit monies in some accounts. The Sheriff does not adequately follow up on billings for boarding prisoners and has not turned over commissary profits to the county treasury since February 2010. The Sheriff does not have statutory authority to collect a \$10 bond processing fee.
Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney does not routinely follow up on outstanding checks, and 19 checks (totaling \$1,018) had been outstanding for over a year. The Prosecuting Attorney was still maintaining an inactive restitution and bad check account used by a former official that included 51 outstanding checks (totaling \$4,401) from 2004 to 2010 and another \$11,159 in unidentified funds. The Prosecuting Attorney's office does not account for and monitor the disposition of all bad checks.
Property Tax System and County Collector Liabilities	As noted in our two prior audit reports, neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. The County Collector does not prepare a monthly list of liabilities and reconcile the list to the available cash balance.
County Sales Tax	The county did not properly report property tax levy reductions to the State Auditor's office for several years, used incorrect data in sales tax reduction calculations, did not properly consider prior year levy reductions results, and could not locate the 2010 calculation worksheets.
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 **Good**.*

*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.

All reports are available on our Web site: auditor.mo.gov

Dent County

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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Dent County

We have audited certain operations of Dent County in fulfillment of our duties under Section 29.230, RSMo. In addition, Nichols, Stopp & VanHoy, LLC, Certified Public Accountants, was engaged to audit the financial statements of Dent County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. 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 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 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 controls, (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 Dent County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Dennis Lockwood, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Meghan Dowell Shannon Spicer

Dent County

Management Advisory Report

State Auditor's Findings

1. Sheriff Controls and Procedures

Weaknesses exist in controls and procedures in the Sheriff's office. The Sheriff's office processed monies for civil fees, concealed carry permits, bonds, inmate receipts, commissary commissions, and other miscellaneous receipts totaling approximately \$180,000 for the year ended December 31, 2013.

1.1 Segregation of duties

The Sheriff has not established adequate segregation of accounting duties and does not perform supervisory reviews. The Sheriff's former bookkeeper handled the fee and bond bank accounts and the Jail Administrator handled the commissary bank account. Each employee was responsible for receiving, recording, depositing, and disbursing monies for the accounts assigned to them. In August 2013, the Jail Administrator became responsible for all 3 accounts.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, the Sheriff should implement a documented independent or supervisory review to ensure bank records are in agreement with accounting records.

1.2 Bank reconciliations and liabilities

The Jail Administrator does not perform monthly bank reconciliations for the fee, bond, and commissary bank accounts. In addition, the Jail Administrator does not maintain a running cash balance or prepare a monthly list of liabilities to reconcile to the balance of the commissary account. The reconciled bank balance should agree to the total of the individual inmate balances plus commissary profits; however, a reconciliation is not performed to check for agreement between records. As of December 31, 2013, the commissary account balance was \$7,174, and identified liabilities totaled \$1,352, resulting in an unidentified balance of \$5,822.

Maintaining running book balances in check registers and performing monthly bank reconciliations helps ensure accurate records are kept and increases the likelihood errors will be identified. Regular identification and comparison of liabilities to the reconciled cash balance, is necessary to ensure records are in balance and monies are available to satisfy all liabilities. Further, various statutory provisions provide for the disposition of unidentified monies.

1.3 Deposits

The Jail Administrator is not depositing monies received in the Sheriff's fee, bond, and commissary accounts timely. For example, \$713 received from November 24 through December 7, 2013, was not deposited in the commissary account until December 9, 2013. In another example, separate deposits were made for fee, bond, and commissary accounts on October 16, 2013. These deposits included 15 receipts from September 26 through September 30 totaling \$260 for the fee account, 3 receipts from September



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27 through September 30 totaling \$1,201 for the bond account, 20 receipts from September 25 through September 28 totaling \$425 for the commissary account, and did not include any receipts after September 30. The Jail Administrator indicated the delay in making the deposits occurred because she was on vacation and deposits could not be made until she returned from vacation.

Failure to implement adequate depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected. Proper depositing procedures are necessary to ensure all receipts are handled and accounted for properly.

1.4 Board of prisoners

The Sheriff bills other entities for boarding prisoners, but does not adequately follow up on billings to ensure all payments are received. The Jail Administrator indicated the office does not maintain a list of amounts billed, collected, or owed, or otherwise monitor billed amounts to ensure payment is received. The county reported board of prisoners receipts totaling nearly \$159,000 in its 2014 budget for the year ended December 31, 2013.

Adequate procedures to bill and collect board of prisoner costs are necessary to ensure amounts owed are collected. Proper records and follow up procedures are also necessary to safeguard against possible loss, theft, or misuse of funds going undetected.

1.5 Bond fees

State law does not include provisions for the Sheriff to collect a \$10 bond processing fee. Bond processing fees of approximately \$3,600 collected during the year ended December 31, 2013, were deposited into the Law Enforcement Sales Tax Fund. The Sheriff does not have statutory authority to collect this fee and should cease this practice.

1.6 Commissary profits

The Sheriff has not turned over any of the commissary profits to the county treasury since February 2010 when the County Commission authorized the office to provide commissary services for inmates. As noted in section 2.2, Sheriff's office personnel do not prepare bank reconciliations or a list of liabilities for the commissary account. As a result, the amount of profit retained in the account cannot be determined. However, the bank balance less known liabilities at December 31, 2013, was \$5,822.

Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund.



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Similar conditions
previously reported
Recommendations

We noted similar conditions to sections 1.1, 1.3, and 1.4 in our prior audit report.

The Sheriff:

- 1.1 Adequately segregate accounting duties to the extent possible and ensure supervisory reviews of accounting records are performed and documented.
- 1.2 Ensure running balances in the check register are maintained, monthly bank reconciliations are performed, and reconciled to lists of liabilities. Any differences between accounting records and reconciliations should be investigated and resolved. After sufficient efforts are made to resolve differences, any remaining unidentified monies should be disposed of in accordance with state law.
- 1.3 Ensure deposits are made timely.
- 1.4 Establish adequate procedures to routinely follow up and pursue collection of unpaid board bills.
- 1.5 Discontinue collecting the bond fee.
- 1.6 Ensure existing and future commissary profits not necessary to meet cash flow needs or current operating expenses are turned over to the County Treasurer to be deposited into the Inmate Prisoner Detainee Security Fund.

Auditee's Response

The Sheriff provided the following written responses:

- 1.1 *The Sheriff has implemented segregation of duties by assigning personnel to collect funds separately. All incoming commissary money is received by Dispatch and Sheriff's Office employees. The Jail staff add money to inmate accounts on BankersWeb, verifying that all money and pertinent information is present for the money drop. After the money has been dropped, all money is secured in the lock box and the Jail Administrator checks for the proper balance and deposits the money. Dispatch receives all bond money and other fees and secures in the lock box. The Administrative Assistant then collects the money from lock box, balances, and deposits the money.*
- 1.2 *The Jail Administrator is responsible for the commissary account only. Each time a deposit is made at the bank that deposit is properly recorded. At the end of the month a total is given to the Sheriff. The Administrative Assistant is responsible for fee and bond*



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deposits. Each time a deposit is made it is documented and a total is added at the end of the month. On all accounts, bank reconciliations and liabilities will be addressed and checked by administrative staff and the Sheriff. We will maintain a running balance for all accounts.

- 1.3 To ensure that deposits are made timely, the Jail Administrator and the Administrative Assistant will make weekly deposits to the bank. This task will be performed every Friday.*
- 1.4 When checks from other counties are received, dispatch will pass on to the Jail Administrator to be recorded and then the money will be placed in lock box for the Administrative Assistant to deposit into the proper account. The Jail Administrator will be making copies of checks that are sent for inmate board bills. Copies will be secured in inmate's jail jacket. We will also identify in the case tracking and accounts receivable system that payment has been made.*
- 1.5 As of April 2014, the Dent County Sheriff's Office no longer collects a bond fee.*
- 1.6 Funds totaling \$5,000 were deposited into the Inmate Prisoner Detainee Security Fund in July 2014. All profits will be documented.*

2. Prosecuting Attorney Controls and Procedures

2.1 Outstanding checks

Procedures over outstanding checks and tracking of bad checks need improvements. The Prosecuting Attorney's office processed approximately \$91,000 in bad check and court ordered restitution and fees during the year ended December 31, 2013.

The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks. At December 31, 2013, 19 checks, totaling \$1,018, had been outstanding for over a year in the restitution and bad check account. In addition, the Prosecuting Attorney was still maintaining an inactive restitution and bad check account that had been used by a former official. As of December 31, 2013, this inactive account had 51 outstanding checks, totaling \$4,401, with issue dates ranging from 2004 to 2010, and the remaining \$11,159 held was unidentified. Various statutory provisions provide for the disposition of unidentified monies.

Proper follow up procedures are necessary to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise allowed by state law.

2.2 Tracking procedures

The Prosecuting Attorney's office does not have adequate procedures in place to account for and monitor the disposition of all bad checks submitted



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to the office for collection. The legal assistant receives the bad check complaint forms, records them in the computer system, sends out 10 day notice letters, and accepts payments. Bad check complaint forms submitted by merchants when bad checks are turned over to the Prosecuting Attorney for collection are not assigned a sequential tracking number. Information from the complaint form is entered into the computer system and the complaint form is filed in the defendant's case file. Without a tracking procedure, there is less assurance all bad check complaints are entered into the computer system for processing.

To ensure bad checks are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received. This number should be used to track the status and disposition of the corresponding bad check.

Similar conditions
previously reported
Recommendations

We noted similar conditions in our prior audit report.

The Prosecuting Attorney:

- 2.1 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payees cannot be located, those amounts and any remaining unidentified monies should be disposed of in accordance with state law and the inactive restitution and bad check account should be closed.
- 2.2 Develop procedures and records that provide sufficient information to track the receipt and disposition of all bad check complaints.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

- 2.1 *At this time, we have identified all known victims for purposes of the restitution account in question. We will be sending the remaining funds to the State Treasurer's office in the very near future. On September 15, 2014, this office wrote a check from the current account in the amount of \$1,854.31 to the State Treasurer's office, along with the necessary forms required by that office. This amount accounted for identifiable victims that we have been unable to locate in our current restitution account. Effective immediately, we are closing all additional past restitution accounts and will be utilizing a centralized account. It is my belief that our follow-up procedure correctly identified the issue, but our due diligence involved making every effort possible to locate victims that are entitled to restitution. We have exhausted all avenues at this point*



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and will be submitting all remaining funds to the State Treasurer's office as abandoned property.

2.2 *Our current restitution program does not create a sequential number at the moment the 10 day letter is provided. The program is commonly referred to as Dennis Jones. I have spoken with the software designer and he has indicated that the program includes functionality to address this issue. This should resolve the matter as the sequential number can be tracked from creation of the account through its finality. We will continue to only accept money orders and online payments to ensure that a record is created for each transaction.*

3. Property Tax System and County Collector Liabilities

Procedures related to property taxes and the County Collector's monthly list of liabilities need improvement. For the year ended February 28, 2014, property taxes and other monies collected by the County Collector totaled approximately \$7.2 million.

3.1 Review of property taxes

As similarly noted in our prior two audit reports, neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. The County Clerk does not include yearly totals in the account book summarizing property tax transactions each month. In addition, the County Clerk and the County Commission do not perform procedures to verify the accuracy and completeness of the County Collector's annual settlements. As a result, there is an increased risk of loss, theft, and misuse of property tax monies going undetected, and less assurance the annual settlements are complete and accurate.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable to the county treasury. An account book or other records that summarize all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector are accounted for properly and could also be used by the County Clerk and County Commission to verify the County Collector's annual settlements. These procedures are intended to establish checks and balances related to the collection of property taxes.

3.2 Liabilities

The County Collector does not prepare a monthly list of liabilities and reconcile the list to the available cash balance. As similarly discussed in the prior audit report, throughout the audit period there was no procedure in place to reconcile the bank account balance to existing liabilities monthly. At our request, the County Collector prepared a liabilities list, performed a



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reconciliation as of December 31, 2013, and determined the reconciled cash balance of \$5.1 million agreed with total liabilities.

Without a regular comparison of liabilities to the reconciled cash balance, there is less likelihood errors will be identified and the ability to resolve errors is diminished. Differences must be adequately investigated and explained.

Recommendations

- 3.1 The County Clerk should determine yearly totals in her account book and the County Commission and the County Clerk should use the account book to review the accuracy and completeness of the County Collector's annual settlements.
- 3.2 The County Collector prepare monthly lists of liabilities, reconcile the lists to the available cash balance, and promptly investigate any differences.

Auditee's Response

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

- 3.1 *The County Clerk will determine the yearly totals in her account book and the County Commission and the County Clerk will ensure the accuracy and completeness of the County Collector's annual settlements.*

The County Collector provided the following response:

- 3.2 *The County Collector has implemented this recommendation.*

4. County Sales Tax

The county did not properly report property tax levy reductions to the State Auditor's office for several years. In addition, the County Clerk used incorrect data in her sales tax reduction calculations, did not properly consider prior year levy reduction results, and could not locate her 2010 calculation worksheets.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Dent County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet the 50 percent reduction requirement and provides for an adjustment for actual sales tax collections of the preceding year that are more or less than the estimate for the preceding year.

The county is required to certify to the State Auditor's office the annual property tax levy including the amount the levy is reduced for sales tax collections, as well as voluntary reductions, if any. For many years the



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county has chosen to set the general revenue tax levy at .0350, and has either incorrectly reported the reduction as voluntary instead of as a sales tax reduction or combination of sales tax and voluntary reductions or has not designated the reduction classification on its tax rate forms. The county certified a voluntary reduction for 2008 and the State Auditor's office followed Section 137.073.5(4), RSMo (amended in 2008), which provides a voluntary reduction taken in a non-assessment year (even year) results in a reduced tax rate ceiling during the subsequent reassessment year (odd year), causing a significantly lowered tax rate ceiling for the county in 2009.

County officials were apparently unaware of the lowered tax rate ceiling and the County Clerk used incorrect tax rate ceilings in her sales tax reduction calculations for 2009 through 2013. The County Clerk also did not properly consider the results of prior year property tax reductions when performing her annual calculations. For some years no adjustment was made and for other years the adjustment was computed using incorrect information. Documentation supporting the county's 2010 tax levy reduction calculations could not be located.

After we brought these concerns to the county's attention, the County Commission took the necessary steps to reinstate the county's tax rate ceiling for 2014. The county held a public hearing and adopted a resolution to increase its previously reduced tax rate ceiling as allowed by Section 137.073.5(4), RSMo, and submitted amended tax rate forms to the State Auditor's office as allowed by Section 137.073.6(3), RSMo (effective September 11, 2013). County officials used the reinstated ceiling in performing 2014 sales tax reduction calculations and when setting the county's property tax levy.

To ensure property tax levies are properly set and property tax rate ceilings are maintained, the County Commission and County Clerk should ensure property tax levy reductions are accurately calculated, reported and certified. Documentation of calculations and tax rate setting decisions is important to demonstrate compliance with statutory provisions and serve as a reference tool should questions arise.

Recommendation

The County Commission and County Clerk properly calculate and report property tax rate reductions (sales tax or voluntary). 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.



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Auditee's Response

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

The County Commission and County Clerk will ensure the tax rate information on the pro forma tax rate summary sheet is consistent with state statutes and our expectations. We will ensure the totals are properly reported.

Dent County

Organization and Statistical Information

Dent County is a county-organized, third-class county. The county seat is Salem.

Dent 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 39 full-time employees and 15 part-time employees on December 31, 2013.

In addition, county operations include a Senate Bill 40 Board and Senior Citizens Services Board.

Elected Officials

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

Officeholder	2014	2013
Darrell Skiles, Presiding Commissioner	\$	28,400
Dennis Purcell, Associate Commissioner		26,400
Gary Larson, Associate Commissioner		26,400
Cindy Ard, Recorder of Deeds		40,000
Angie Curley, County Clerk		40,000
Andrew M. Curley, Prosecuting Attorney		116,858
Rick Stallings, Sheriff		44,000
Denita Williams, County Treasurer		40,000
Gina White, County Coroner		12,000
James Kotschedoff, Public Administrator		40,000
Dennis O. Medlock, County Collector, year ended February 28,	40,000	
Tina Whitaker, County Assessor, (1) year ended August 31,		3,846
Brenda Bell, County Assessor, (1) year ended August 31,		30,085
Craig Ruble, County Surveyor (2)		

(1) Due to a vacancy in this office, Tina Whitaker, the Assessor-elect, was appointed in July 2013.

(2) Compensation on a fee basis.



Dent County
Organization and Statistical Information

Financing
Arrangements

The county entered into capital leases for 8 pieces of road and bridge equipment and 1 patrol vehicle. The total remaining principal outstanding at December 31, 2013, was \$508,537. Interest remaining to be paid over the life of the agreements totals \$40,694.