



John Watson
Missouri State Auditor

Washington County

REVISED REPORT

April 2015
Report No. 2015-008



<http://auditor.mo.gov>



John Watson
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Washington County

Revised Report	This report was originally issued in February 2015 with some inaccurate information. A revised report was issued in April 2015.
Rock Purchases	The county does not maintain documentation detailing job site locations in relation to quarry locations even though the county accepted rock bids based on the combination of rock price and location in relation to the job site. The county purchased approximately \$20,000 of certain types of rock not included on any bid received by the county.
Disbursements	The county did not solicit bids for the purchase of a snow plow truck, jet fuel, and Sheriff's firearms totaling \$326,573. In addition, the county did not retain supporting documentation for a \$10,375 firearms purchase, and the County Commission paid a monthly cellular phone bill with a \$900 past due balance even though the County Commission indicated there was uncertainty about the amount due.
Personnel Issues	The county did not require 29 employees to forfeit their vacation leave after the leave was not used by December 31, 2013, in violation of the County Personnel Policy Handbook. In addition, 16 employees were in violation of the compensatory time balance policy as of January 31, 2014. Also, county officials did not compensate an employee in accordance with county policy, and did not establish clear expectations regarding hours to be worked or sufficiently supervise this employee's work.
Sheriff's Controls and Procedures	The Sheriff has not adequately segregated the duties of receiving, recording, depositing, and disbursing monies, and reconciling the general account. A documented independent and/or supervisory review of the accounting records is not performed. The Sheriff uses a mileage rate schedule that has unreasonable standard mileage charges for some locations. The Sheriff also does not maintain a record of accrued costs and there are no procedures in place to monitor and follow up on these costs to ensure payment is properly received for the services billed. The Sheriff has not entered into written agreements with surrounding counties for the boarding of inmates detailing the inmate housing rate to be paid, the services to be provided, or any required notification for emergency or non-routine situations.
Commissary	The Sheriff has not adequately segregated the duties of receiving, recording, and depositing receipts, disbursing funds, and reconciling the commissary account. The office manager, who also performs all other accounting duties in the Sheriff's office, performs all of these duties. Also, the Sheriff does not perform a documented independent and/or supervisory review of the accounting records. In addition, the Sheriff does not have procedures in place to identify and reconcile month-end liabilities to the commissary account balance.
County Collector's Controls and Procedures	The County Collector has not adequately segregated the accounting duties in his office and does not document his review of bank reconciliations and deposits prepared by the deputy clerk. The County Collector does not file

his annual settlements with the county timely. In addition, the County Collector does not maintain a listing of liabilities.

Prosecuting Attorney's Restitution	The Prosecuting Attorney does not keep an accurate restitution accounts receivable listing and does not review the listing timely. Of the 11 cases we reviewed, 3 cases totaling \$18,033 should have been removed from the list because the balances were paid in full. Additionally, another 4 cases totaling \$125,407 should have been removed because the Presiding Judge ordered the write off of restitution because the defendant had served more than 120 days in a state correctional facility.
Capital Assets	Various capital assets were not recorded on the capital asset listing properly, and a plotter and stand was listed on the capital asset listing for the County Assessor even though it was traded in on a new plotter in January 2012. The county also does not reconcile capital asset records from year to year and does not always tag or otherwise identify capital assets as county property.
Sunshine Law	The County Commission discussed topics during 2 closed meetings that were not allowable by law.
County Assessor's Office	The County Assessor could not find some requested receipt slips and transmittal records. In addition, the County Assessor does not always transmit receipts to the County Treasurer intact and does not restrictively endorse checks upon receipt.
Public Administrator	The Public Administrator currently faces 2 felony charges (abuse of a person receiving health care and stealing) which were filed on November 10, 2014, and a preliminary hearing is scheduled in February. The allegations pertain to a time period prior to her taking office as Public Administrator effective January 1, 2013. She continues to serve as Public Administrator pending resolution of the charges.
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**.*

*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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JOHN WATSON

Missouri State Auditor

To the County Commission
and
Officeholders of Washington County

We have audited certain operations of Washington County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Washington 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 Washington County.

A handwritten signature in black ink that reads "John Watson". The signature is written in a cursive style with a long horizontal stroke at the end of the name.

John Watson
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
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Washington County Management Advisory Report State Auditor's Findings

1. Rock Purchases

We identified several problems related to rock purchases for the road and bridge department. At the request of the County Commissioners, we conducted a review of the 2014 bidding procedures for quarry services and rock purchases made from January 2014 to May 2014.

The County Commission annually sends out a bid sheet to various quarries in the county listing various types of rock the county may utilize for road and bridge projects. Quarries submit their price per ton for the various types of rock. The County Commission evaluated and awarded bids in February 2014. Rather than awarding the bid to a single quarry, the county accepted bids from all 5 quarries that submitted price information. The County Commission's Request for Bid indicated when rock is needed for a road and bridge project, county employees should consider a combination of rock price, transportation costs in relation to the project site, gradation, and rock availability when selecting the quarry, with the quarry having the lowest combined cost being selected unless other factors influenced the decision. We evaluated January 2014 rock purchases in comparison to the 2013 rock bids and later purchases against the 2014 rock bids. The county disbursed approximately \$71,100 to 4 quarries from January 2014 through May 2014. Our review identified several problems.

- The county does not maintain documentation detailing job site locations in relation to quarry locations even though the county accepted rock bids based on the combination of rock price and location in relation to the job site, and the county's described method for selecting the quarry for each purchase requires consideration of rock cost and transportation costs. The county could be paying additional transportation costs if the closest approved quarry to the job site is not being utilized. In addition, the same types of rock were purchased from multiple quarries. The price of the same types of rock varies among the quarries. However, the county did not provide documentation regarding the availability of the rock at each quarry or other reasons to justify the instances where the county paid the higher rock price. By not maintaining this documentation, county officials cannot demonstrate they are complying with the approved bids and the county's policy.
- The county purchased approximately \$20,000 of certain types of rock not included in the annual rock bids obtained from quarries.

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. In addition, documentation of the various proposals received, the county's selection process (including the location of the job site) should be retained to support future rock purchasing decisions.



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Recommendation

The County Commission should ensure that all types of rock being considered for purchase are bid, the results of the competitive procurement process are adhered to, and maintain documentation of decisions made. The County Commission should also maintain records comparing job site location to quarry location.

Auditee's Response

The County Commission provided the following response:

The county will adhere to the bid results and enforce the results as provided in the state statutes.

2. Disbursements

Procedures related to bidding and supporting documentation need improvement.

2.1 Bidding

County bidding procedures need improvement. We noted the following items were not bid as required by state law and the county's policy:

Purchase	Amount
Snow plow truck ¹	\$ 252,129
Jet fuel	64,069
Sheriff's firearms	10,375
Total	\$ 326,573

¹This truck was purchased in 2010 with a loan agreement that ended on February 15, 2014.

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, the county's selection process, and criteria should be retained to demonstrate compliance with applicable laws or regulations and support decisions made.

2.2 Disbursement documentation

The county did not retain supporting documentation for a \$10,375 firearms purchase. In addition, the county paid a monthly cellular phone bill with a \$900 past due balance even though County Commissioners indicated there was uncertainty about the amount due. County records indicate cellular phone bills are paid regularly. Retaining adequate supporting documentation is necessary to ensure the validity of transactions.

Recommendations

The County Commission:

- 2.1 Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.



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2.2 Ensure supporting documentation is maintained for all disbursements.

Auditee's Response

The County Commission provided the following responses:

2.1 *This recommendation has already been implemented.*

2.2 *This recommendation has already been implemented.*

3. Personnel Issues

Personnel procedures need improvement. We identified problems related to leave balances and time sheets.

3.1 Leave balance issues

The county did not require 29 employees to forfeit their vacation leave after the leave was not used by December 31, 2013. County Personnel Policy Handbook section 9-4 states that vacation leave will be forfeited if not used within the calendar year it is earned. In addition, 16 employees were in violation of the compensatory time balance policy as of January 31, 2014. County Personnel Policy Handbook section 9-2 states that non-law enforcement employees are not allowed to accrue more than 80 hours in compensatory time.

Strict compliance with personnel policies is necessary to ensure employees are treated equitably and are properly compensated. In addition, employee leave and compensatory time balances can represent significant liabilities to the county.

3.2 Timesheet and overtime issues

County officials did not compensate an employee in accordance with county policy, and did not establish clear expectations regarding hours to be worked or sufficiently supervise this employee's work.

The employee worked for both the County Assessor and Sheriff from January 2013 through August 2013. Effective September 2013, the employee works full-time for the Sheriff's office. The employee primarily works offsite at various locations around the county. While this is an acceptable arrangement, a lack of direct supervision or an established work schedule makes it difficult to determine whether the hours worked by the employee are accurate. A review of 2013 timesheets and payroll records showed the county included leave hours in the employee's overtime calculations. The County Assessor and Sheriff did not perform sufficient reviews of the timesheets, as no questions were raised regarding hours worked or overtime calculations. The employee claimed 374 hours of overtime in 2013. However, based on our calculations, the employee worked 175 hours of overtime when excluding leave used. The employee's timesheet indicates she earned 140 hours of overtime in June 2013. The employee received a payment of \$3,037 for 219 overtime hours from January 1, 2013, through June 22, 2013. County Personnel Policy Handbook



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section 6-2 states, "Overtime is based on work hours in excess of forty (40) hours in a workweek, except for law enforcement employees."

By not following county policy, more overtime and compensatory time than required may be paid, resulting in a greater financial burden. Although compensatory time is not paid out unless an employee leaves employment, employees are able to use the compensatory time in lieu of accumulated vacation and sick leave, and therefore these balances are carried longer, resulting in payment for potentially more accumulated vacation leave when an employee leaves employment. In addition, the Fair Labor Standards Act of 1938 (FLSA) requires employees who work 2 jobs for the same employer (the county) to aggregate total hours worked for FLSA pay calculation purposes.

Accurate compensatory time calculation procedures are necessary to ensure compliance with county policy and equitable treatment of county employees.

Recommendations

The County Commission:

- 3.1 Ensure compliance with county leave policies.
- 3.2 Work with other county officials to ensure employees accrue compensatory time in accordance with county policy and the FLSA.

Auditee's Response

The County Commission provided the following responses:

- 3.1 *The County Commission will now enforce county policy. These exceptions to county policy were approved by a prior commission.*
- 3.2 *The County Commission was advised by legal counsel that the county had to pay the employee if her timesheets were approved by her supervisors.*

The County Clerk provided the following written response:

- 3.2 *The County Commission was unaware that the employee in question was working for both the County Assessor and Sheriff until the employee faxed a request for pay from January through June, on June 26, 2013. The County Clerk immediately contacted the Sheriff and the County Commission regarding the employee's request for pay. The Sheriff's first response to the County Clerk regarding this issue was that there must be a misunderstanding. He stated that the employee's work on the pictometry project was supposed to be "on the Assessor's dime" until September 1st. Shortly after that, the County Clerk was advised by the payroll clerk at the Sheriff's office*



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that the employee's request for pay should be honored, per Sheriff Andy Skiles.

The County Clerk then reviewed the employee's timesheet from the County Assessor's office and noted several days that the employee worked for both the County Assessor and Sheriff. At this point, the County Clerk advised the County Commission of the situation. It should be noted that the County Clerk and the County Commission were not aware of the fact that the employee was working for both the County Assessor and Sheriff until the employee had already worked in this arrangement for six months. The County Commission sought advice from their attorney and was advised that the employee must be paid overtime for hours worked in excess of eight hours per day in order to not be in violation of the Fair Labor Standards Act. The County Commission advised the Sheriff of the attorney's recommendation and asked the Sheriff to re-calculate the amount due to the employee. The employee was then paid the amount calculated and authorized to be paid by the Sheriff. Since September 1, 2013, this employee has been employed as a Pictometry Clerk and is being paid through the General Revenue Fund, which is controlled by the County Commission.

The County Commission and County Clerk strongly object to this finding being attached to the County Commission due to the facts stated above.

Auditor's Comment

- 3.2 Some of the facts stated above, such as communications with the Sheriff and legal advice from the County Commission's attorney, are not supported by written documentation. The County Commission, along with other county officials, has a fiduciary responsibility regarding monies expended from county funds. Clearly the concerns conveyed are personnel issues, which require the attention of the County Commission.

4. Sheriff's Controls and Procedures

4.1 Segregation of duties

Accounting controls and procedures in the Sheriff's office need improvement.

The Sheriff has not adequately segregated the duties of receiving, recording, depositing, and disbursing monies, and reconciling the general account. The office manager performs all these duties, and a documented independent and/or supervisory review of the accounting records is not performed.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper



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segregation of duties cannot be achieved, an independent and/or supervisory reviews should be performed and documented.

4.2 Civil mileage amounts

The Sheriff uses a mileage rate schedule by location to determine the amount to charge for mileage serving papers and subpoenas; however, the standard charge is unreasonable for some locations resulting in cases primarily being undercharged. For example, standard mileage charges for 4 common city locations result in undercharges ranging from \$13 to \$18 for each trip. The largest overcharge we identified for a location was \$3.

Section 57.280, RSMo, which relates to civil cases, provides for the Sheriff to be reimbursed for each mile actually traveled to serve any summons, writ, subpoena, or other order of the court. Section 57.430, RSMo, which relates to criminal cases, allows reimbursement for actual miles traveled in serving warrants or any other criminal process and the rate for mileage reimbursement to be equal to the rate prescribed by the Internal Revenue Service.

4.3 Accrued case costs

The Sheriff has not established adequate procedures to ensure all accrued costs are identified and pursued. The Sheriff's office receives fees and mileage for serving civil papers. A bill is completed for papers served and copies of bills are retained. However, paid and unpaid bills cannot be identified since no one marks bills paid upon receipt and copies of paid and unpaid bills are not filed separately. The only overall record is a spreadsheet of payments received. A record of accrued costs is not maintained and there are no procedures in place to monitor and follow up on these costs to ensure payment is properly received for the services billed. By not monitoring accrued costs, these costs could remain uncollected and result in lost revenue.

4.4 Board of prisoners

The Sheriff has not entered into written agreements with surrounding counties for the boarding of inmates detailing the inmate housing rate to be paid, the services to be provided, or any required notification for emergency or non-routine situations. In addition, although the Sheriff has an agreement with the City of Potosi for housing the city's inmates, it does not provide any details on the number of prisoners to be housed for the \$8,000 annual fee set forth in the agreement.

Written agreements, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.



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Similar conditions
previously reported
Recommendations

Similar conditions to sections 4.1, 4.2, and 4.3 were noted in our prior audit report.

The Sheriff:

- 4.1 Segregate accounting duties to the extent possible. If proper segregation is not possible, independent and/or supervisory reviews should be performed and documented.
- 4.2 Utilize actual miles incurred or establish reasonable mileage rate schedules for use in determining charges for serving papers and subpoenas in civil cases.
- 4.3 Establish procedures to routinely follow up and pursue collection of accrued costs.
- 4.4 Enter into written agreements with other political subdivisions as appropriate, and ensure the agreements are signed by all parties and specify the services to be rendered and the manner and amount of compensation to be paid.

Auditee's Response

The Sheriff provided the following responses:

- 4.1 *We will implement this recommendation.*
- 4.2 *Procedures have already been put in place to ensure the correct amounts are charged.*
- 4.3 *We are currently working on implementing this recommendation.*
- 4.4 *We will improve the contract with the City of Potosi. At this time we do not have room to house other counties' prisoners.*

5. Commissary

Accounting controls and procedures in the commissary need improvement.

5.1 Segregation of duties

The Sheriff has not adequately segregated the duties of receiving, recording, and depositing receipts, disbursing funds, and reconciling the commissary account. The office manager, who also performs all other accounting duties in the Sheriff's office, performs all these duties, and a documented supervisory review of the accounting records is not performed. Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, independent and/or supervisory reviews should be performed and documented.



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5.2 Reconciliation
procedures

The Sheriff does not have procedures in place to identify and reconcile month-end liabilities to the commissary account balance. The account balance as of December 31, 2013, was \$4,457 with \$676 of this amount belonging to inmates. The Sheriff indicated that the remaining amount in this account was commissary profit.

Complete and accurate lists of liabilities should be prepared monthly and reconciled to the cash balance to ensure records are in balance and sufficient funds are available for the payment of all liabilities.

Recommendations

The Sheriff:

- 5.1 Segregate accounting duties to the extent possible. If proper segregation is not possible, independent and/or supervisory reviews should be performed and documented.
- 5.2 Ensure monthly lists of liabilities are prepared and reconciled to the commissary account available cash balance.

Auditee's Response

The Sheriff provided the following responses:

- 5.1 *We will implement this recommendation.*
- 5.2 *We will implement this recommendation.*

**6. County Collector's
Controls and
Procedures**

Controls and procedures related to the County Collector's office and annual settlements need improvement.

6.1 Segregation of duties and
reviews

The County Collector has not adequately segregated the accounting duties in his office and he does not document his review of bank reconciliations and deposits prepared by the deputy clerk.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties is not possible, the County Collector should ensure documented reviews of accounting and bank records are performed.

6.2 Annual settlements

The County Collector does not file his annual settlements with the county timely. The annual settlement for the year ended February 28, 2014, was not filed until June 23, 2014. The annual settlement for the year ended February 28, 2013, was not filed until June 11, 2013. The annual settlement for the year ended February 29, 2012, was not filed until May 31, 2012.



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Section 139.160, RSMo, assigns responsibility to the County Commission for the verification of the County Collector's annual settlements and requires the County Collector to annually settle with the County Commission the accounts of all monies received from taxes and other sources by the first Monday in March. To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the County Collector file annual settlements timely. Such procedures are intended to establish checks and balances related to the collection of property taxes.

6.3 Liabilities listing

The County Collector does not maintain a listing of liabilities. As of February 28, 2014, there was a reconciled bank balance of \$13,505 in the County Collector's main account.

Without regular identification and comparison of liabilities to the reconciled bank balance, there is less likelihood errors will be identified and the ability to identify liabilities and resolve errors will be diminished.

Recommendations

The County Collector:

- 6.1 Properly segregate duties or ensure supervisory reviews of accounting records are performed and documented.
- 6.2 Ensure annual settlements are filed timely.
- 6.3 Ensure month-end liabilities are reconciled to the reconciled bank balance.

Auditee's Response

The County Collector provided the following responses:

- 6.1 *We will implement this recommendation.*
- 6.2 *A software change caused a delay in filing the most recent annual settlement. We should be able to file future settlements in a timely manner.*
- 6.3 *The funds making up the reconciled bank balance have been identified and disbursed. In the future we will identify the liabilities included in the reconciled balances.*

7. Prosecuting Attorney's Restitution

The Prosecuting Attorney does not keep an accurate restitution accounts receivable listing and the listing is not reviewed timely. The January 15, 2014, listing contains approximately 150 cases with amounts due totaling approximately \$419,000. We reviewed files pertaining to 11 cases and determined 3 cases totaling \$8,033 should have been removed from the list because defendants had paid off their balances. Based on our inquiry, office



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personnel researched and determined 4 other cases totaling \$125,407 should have been removed from the list because the Presiding Judge had ordered the write off of the restitution because the defendant had served more than 120 days in a state correctional facility.

The Prosecuting Attorney should review the status of all old cases on the restitution accounts receivable listing, and if all payments have not been received, collection of outstanding amounts should be pursued. In addition, office personnel should be reviewing the listing on a regular basis. By not adequately monitoring amounts due, the monies could remain uncollected and result in the loss of restitution to victims. An accurate list would allow the Prosecuting Attorney to more easily review the amounts due and take appropriate steps to ensure amounts are collected on a timely basis.

A similar condition was noted in our prior audit report.

Recommendation

The Prosecuting Attorney should ensure the restitution accounts receivable listing is accurate, up to date, and reviewed by office personnel timely.

Auditee's Response

The Prosecuting Attorney provided the following written response:

With respect to the older cases with outstanding balances, this will simply take time to review them. I believe our current methods should result in a less frequent occurrence of these issues. However, I will try to make sure our older cases are up to date. This will be lower on the list of priorities as compared to current cases, but we will try to review all prior cases that carry a balance.

As for our current cases, we are already instituting changes in monitoring the collection of restitution. We have a spreadsheet that keeps track of all individuals currently ordered to pay restitution. It includes a column that shows how many months they are behind. While circumstances in various cases differ, I will generally file a motion to revoke probation on any defendant who has made no payments for three consecutive months. We are constantly updating the spreadsheet and trying to review each defendant's status on a monthly basis.

Also, changes to the law in the last couple of years now allow prosecutors to collect restitution from defendants while they are incarcerated and on parole. Hypothetically, a parolee could have his or her parole revoked for a failure to pay restitution, although it remains to be seen whether probation and parole will commit to this.



8. Capital Assets

Capital asset records and procedures are in need of improvement.

8.1 Asset listings

The county's capital asset listings are not accurate. We noted the County Collector's computers are not recorded on the capital asset listing, a Sheriff's office vehicle valued at approximately \$14,000 was recorded twice on the listing, and a plotter and stand valued at approximately \$5,400 listed on the capital asset listing for the County Assessor could not be located. On March 25, 2015, additional information was provided indicating the plotter and stand had been traded in when a new plotter was purchased in January 2012. However, the County Assessor's capital asset listing indicated the plotter and stand were still in storage.

Adequate capital asset records and procedures are necessary to ensure effective internal controls. Procedures to track capital assets throughout the year and compare physical inventory results would enhance the county 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 his/her designee of each county department is responsible for performing annual inspections and inventories of county property used by that department and for submitting an inventory report to the County Clerk.

8.2 Asset reconciliations

The county does not reconcile capital asset records from year to year and does not always tag or otherwise identify capital assets as county property. The County Clerk's office provides county tags to each office and department, but tags are not always affixed to property items. We identified a Sheriff's office all-terrain vehicle and some County Collector's office computers without tags. In addition, capital asset records are not always updated to reflect the results of the county's physical inventory results.

Capital asset records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. All capital assets should be identified with a tag.

Recommendations

The County Commission:

- 8.1 Work with other county officials to ensure complete and accurate inventory records are maintained and annual physical inventories are conducted, and implement procedures for tracking capital asset purchases and dispositions throughout the year.
- 8.2 Ensure capital asset records are reconciled from year to year and all assets are tagged for identification.



Auditee's Response

The County Commission provided the following responses:

8.1 *We will work with county officials to implement the recommendation.*

8.2 *We will implement the recommendation.*

9. Sunshine Law

The County Commission discussed topics during 2 closed meetings that were not allowable by state law. The County Commission discussed a work agreement with a nearby prison and ways to address concerns with the installation of culverts along county roads.

The Sunshine Law, Chapter 610, RSMo, limits discussion topics in closed meetings to only those specifically allowed by law.

Recommendation

The County Commission discuss only allowable topics in closed meetings.

Auditee's Response

The County Commission provided the following response:

We will implement the recommendation.

10. County Assessor's Office

The County Assessor's receipting and depositing procedures are not adequate.

- The County Assessor could not find some requested receipt slips and transmittal records for the period September 2013 through December 2013. The County Assessor's office collected \$4,332 in receipts for the year ended December 31, 2013.
- The County Assessor does not always transmit receipts to the County Treasurer intact. For example, \$26 in cash counted during our January 9, 2014, cash count had been held for 13 days prior to transmittal while checks had been transmitted the day of the cash count.
- The County Assessor does not restrictively endorse checks upon receipt. Restrictive endorsements are applied by the County Treasurer after transmittal.

Proper receipting and depositing procedures are necessary to reduce the risk of loss, theft, or misuse of monies received.

Recommendation

The County Assessor ensure receipt slips and transmittal receipts are maintained, receipts are transmitted to the County Treasurer intact, and checks and money orders are restrictively endorsed immediately upon receipt.



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Auditee's Response

The County Assessor provided the following response:

We are currently implementing new procedures to address these recommendations.

**11. Public
Administrator**

On November 10, 2014, the Missouri Attorney General's office filed 2 felony charges against Kathy O'Neail, the Washington County Public Administrator. Ms. O'Neail is charged with one count of Class C felony-abuse of a person receiving health care and one count of Class C felony-stealing. The allegations pertain to transactions occurring during Ms. O'Neail's previous employment, prior to her taking office as the Public Administrator effective January 1, 2013. The case is ongoing and a preliminary hearing is scheduled for February 26, 2015.

Ms. O'Neail continues to serve in her capacity as the Public Administrator. Our audit covered the calendar year 2013 and did not identify significant problems with the Public Administrator's cases or procedures reviewed. However, given the serious nature of these allegations, it is imperative the Washington County Circuit Court - Probate Division continue to perform diligent reviews of the Public Administrator's cases and supporting documents.

Washington County

Organization and Statistical Information

Washington County is a county-organized, third-class county. The county seat is Potosi.

Washington 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 91 full-time employees and 12 part-time employees on December 31, 2013.

In addition, county operations include a Handicapped Board and a 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
Marvin Wright, Presiding Commissioner	\$	29,390
Mike Riddle, Associate Commissioner		27,390
Cody Brinley, Associate Commissioner		27,390
Judy Cresswell Moyers, Recorder of Deeds		41,500
Jeanette Allen, County Clerk		41,500
Joshua E. Hedgecorth, Prosecuting Attorney		116,859
Andy Skiles, Sheriff		46,000
Phyllis Long, County Treasurer		41,500
Brian Declue, County Coroner		14,000
Kathy O'Neail, Public Administrator		41,500
Michael P. McGirl, County Collector (1), year ended February 28,	43,816	
Charlotte Boyer, County Assessor, year ended August 31,		41,781
R. Timothy Daughtery, County Surveyor (2)		

(1) Includes \$2,316 of commissions earned for collecting city property taxes.

(2) Not compensated by the county.

Financing Arrangements

In 2013, the county entered into a line of credit to support the general operations of the county and had \$70,025 in drawdowns with an interest rate of 3 percent as of December 31, 2013. Interest remaining to be paid over the life of the loan is \$2,922.



Washington County
Organization and Statistical Information

The county entered into capital leases for various vehicles and equipment. These leases are scheduled to be paid off in 2015. The remaining principal outstanding at December 31, 2013, was \$266,517. Interest remaining to be paid over the life of the agreements totals \$15,149.