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FOLLOW-UP REPORT ON AUDIT FINDINGS

Lewis County



June 2015

Report No. 2015-039

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Lewis County

Follow-Up Report on Audit Findings

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*Includes selected findings



NICOLE R. GALLOWAY, CPA
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To the County Commission
and
Officeholders of Lewis County

We have conducted follow-up work on certain audit report findings contained in Report No. 2014-103, *Lewis County* (rated as Fair), issued in November 2014, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. 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 specific plans to begin, or 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 documentation provided by the Sheriff and held discussions with him to verify the status of implementation for the recommendations. Documentation provided by the Sheriff included bank statements and reconciliations, receipt and disbursement records, and various other financial records. This report is a summary of the results of this follow-up work, which was substantially completed during April and May 2015.

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State Auditor

Lewis County

Follow-Up Report on Audit Findings

Status of Findings

1. Sheriff Controls and Procedures	Controls and procedures in the Sheriff's office needed improvement.
1.1 Segregation of duties	<p>The Sheriff had not adequately segregated accounting duties for the fee account, and did not perform adequate supervisory reviews. Additionally, the Office Administrator was an approved signer on the Sheriff's fee account and only one signature was required.</p> <p>The Sheriff did not document his occasional review of bank reconciliations or other accounting records. In addition, there was not adequate oversight of receipting, depositing, or disbursement procedures to ensure monies were properly and timely recorded, deposited, and disbursed.</p>
Recommendation	The Sheriff adequately segregate accounting duties or ensure independent or supervisory reviews of accounting records are performed and documented.
Status	<p>In Progress</p> <p>The Sheriff indicated he is unable to adequately segregate duties due to the limited staff available. However, the Sheriff reviews accounting records prepared by the Office Administrator and the Deputy Sheriff. During the time period January through April 2015, the Office Administrator was on medical leave and the Sheriff handled accounting duties related to the fee account. The Sheriff is reviewing the records of the commissary account. We reviewed the January 2015 bank reconciliation prepared for the commissary account and noted the Sheriff had initialed and dated the account ledger noting his review on February 12, 2015. The Sheriff indicated he will document his review of the fee account in the future.</p>
1.2 Receipting and depositing	<p>Controls and procedures over receipting and depositing monies were not sufficient. As a result, there was less assurance monies received were deposited.</p> <p>The Office Administrator did not issue receipt slips timely for some monies received, and did not always deposit receipts intact and timely. The Office Administrator did not issue receipt slips for monies received until the monies were included in a deposit. In addition, monies received for civil paper service fees were not recorded or deposited until completion of the civil paper process.</p>
Recommendation	The Sheriff issue receipt slips for all monies when received and ensure deposits are made timely and include all monies on hand at the time a deposit is prepared.



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Status of Findings

Status

In Progress

During our follow up visit in April 2015, we determined no change in procedures had occurred. However, following our discussion of these issues with the Sheriff, he agreed to implement these recommendations in May 2015. The Sheriff indicated during a subsequent discussion that effective May 1, 2015, the Office Administrator began issuing receipt slips for all monies upon receipt and depositing all monies on hand at the time of deposit. We did not have the opportunity to review the new procedures.

1.3 Bonds

Controls and procedures for receipting and recording bond monies were not sufficient.

Deputies and jailers typically collected bond monies and transmitted these monies to the Office Administrator for processing. However, bond forms were not prenumbered, copies of bond forms were not always retained, and receipt slips were not issued when these monies were received. In addition, there was no documentation to support the transmittal to the Office Administrator.

Recommendation

The Sheriff issue prenumbered bond forms for all bond monies received and account for the numerical sequence of bond forms. The Sheriff should also ensure the transmittal of bond monies between staff is documented.

Status

Partially Implemented

The Sheriff contacted the software vendor to determine if the jail management system could generate a listing of all bonds posted. The Sheriff indicated the system currently cannot generate a listing, but the software vendor is working on a solution. The Sheriff also indicated the booking checklist had been updated to include a step to ensure a copy of the completed bond sheet (form) is in the jail file and the original bond sheet and money is placed in the lockbox in the front office.

However, prenumbered bond forms and receipt slips are not issued when bond monies are received. Additionally, the Sheriff has not put procedures in place to document the transmittal of bond monies between Sheriff office employees.

2. Commissary Controls and Procedures

Controls and procedures over the commissary items and telephone cards needed improvement.

2.1 Commissary account

Sheriff's office personnel did not prepare a monthly list of liabilities to reconcile to the available cash balance for the Sheriff's commissary account. Records of commissary profits were not maintained, making it difficult to determine the actual amount of profits maintained in the account.



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We requested the Office Administrator prepare a list of liabilities for the Sheriff's commissary account as of December 31, 2013. The list of liabilities totaled \$178 while the reconciled bank balance was \$6,237, resulting in an overage of \$6,059; however, there was no documentation to confirm the remaining \$6,059 was commissary profits.

The Sheriff also maintained amounts assumed to be profits from commissary sales outside the county treasury and used these monies to purchase items for the benefit of prisoners and the Sheriff's office.

During 2013, the Sheriff used commissary monies totaling \$3,649 to purchase prison supplies, building repairs, and inmate medical services. The County Commission did not approve these purchases, and the Sheriff's office did not handle these purchases through the normal county procurement and budget process.

Recommendation

The Sheriff prepare a monthly list of liabilities for the commissary account, compare it to the available cash balance, and promptly investigate and resolve differences. In addition, maintain complete and accurate records that allow for the tracking of profit and loss on all commissary sales. The Sheriff should work with the County Commission and County Treasurer to establish the Inmate Prisoner Detainee Security Fund and ensure existing and future commissary profits are deposited to this fund.

Status

In Progress

The Sheriff prepared a list of inmate account balances totaling \$122 as of March 31, 2015. The balance of the commissary account was \$2,313 on that date. On April 1, 2015, the Sheriff transferred \$1,800 from the commissary account to the County Treasurer to be placed in the Inmate Prisoner Detainee Security Fund, which the county established in January 2015. The Sheriff indicated he wanted to keep approximately \$500 in the account.

The Sheriff is working with the commissary vendor to establish a system where inmates' friends and family deposit monies directly with the vendor so the inmates can purchase commissary items from the vendor. Once this new system is established, the Sheriff's office will no longer handle commissary funds and the vendor will forward commissary profits to the County Treasurer.

2.2 Commissary items and telephone cards

Sheriff's office commissary procedures needed improvement. During the year ended December 31, 2013, the Sheriff's office spent approximately \$11,782 from the commissary account for various items and telephone cards to sell in the commissary. However, the Sheriff's office did not maintain a running inventory of commissary items and telephone cards or conduct periodic physical inventory counts.



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Recommendation

The Sheriff maintain inventory records of commissary items and telephone cards and reconcile the records to purchases, sales, and periodic physical inventory counts.

Status

In Progress

As noted in the finding 2.1 status, the Sheriff is working with the office's commissary vendor and has requested that the vendor provide commissary items and telephone cards to the inmates that had previously been provided by the Sheriff's office. Once this occurs, the office will no longer maintain a commissary inventory.