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Missouri State Auditor

Laclede County



December 2010
Report No. 2010-156

auditor.mo.gov



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Missouri State Auditor

YELLOW SHEET

Findings in the audit of Laclede County

County Disbursements

The county did not solicit bids, retain sufficient documentation, or document emergency or sole source procurements for several items or services. Fuel records are not used to reconcile fuel purchases to fuel used, and mileage and fuel logs are not maintained by the Sheriff. Purchase orders were not always completed, signed by the preparer, and signed to document approval.

Sheriff Inmate and Commissary Procedures

The duties of receiving, recording, depositing, and disbursing monies related to the inmate trust account are not adequately segregated. The Sheriff maintains commissary commissions and phone card profits outside the county treasury and uses these monies to purchase items for the office and inmates. Commissary commissions and some phone card profits are not turned over to the County Treasurer. Monthly lists of liabilities are not prepared for the inmate trust account, and consequently, liabilities are not reconciled with cash balances. The county has not entered into a written agreement with the commissary vendor.

Public Administrator Controls and Procedures

Procedures for monitoring receipts and disbursements of wards need improvement. Our review identified weaknesses involving inaccurate annual settlements, calculation of fees, and duplicate payments.

Prosecuting Attorney Controls and Procedures

Duties are not adequately segregated and an adequate supervisory review of accounting records is not performed. In December 2009, the Prosecuting Attorney spent \$4,988 from the Prosecuting Attorney Bad Check Fees Fund for a Christmas party for county and city law enforcement personnel and their guests. Additionally, adequate supporting documentation was not maintained for meal and cellular phone reimbursement claims paid from the fund.

Sheriff Controls and Procedures

The duties of receiving, recording, depositing, and disbursing monies are not adequately segregated. Concerns were noted regarding the receipting and depositing of monies. The Sheriff's office did not maintain adequate documentation for the disbursement of seized cash from the forfeiture account, and for the disbursement of a \$15,000 cashier's check received as a bond.

Property Tax System

Personal property taxes totaling over \$148,000 were outlawed and removed from the tax books during the 2 years ended February 28, 2010, without the approval of the County Commission. Employees of the Assessor's office use shared passwords to gain access to real estate assessment data.

Personnel Policies

Although the county has an established written personnel manual, not all issues are addressed and some policies are not included in the manual. The County has not established a formal policy regarding donated leave time; although some county employees donated leave to a co-worker. The county does not have a policy regarding the employment and supervision of related employees. Although the county has a policy regarding background checks, it is not included in the personnel manual. Further, background checks are not conducted for all county employees. Commission meeting minutes in April 2010 indicated the County Commission planned to update the cellular phone usage policy; however, the personnel manual does not include such a policy.



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Closed Meeting Minutes

Meeting minutes were not sufficient to demonstrate how some issues discussed in closed session were allowable under the Sunshine Law.

Senate Bill 40

The Senate Bill 40 Board (SB 40) does not provide adequate oversight of the accounting functions performed for the SB40 Board Fund. In addition, a quorum of Board members was not physically present during telephone votes, and budgets were not filed with the State Auditor's office for 2008, 2009, and 2010.

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Missouri State Auditor

To the County Commission
and
Officeholders of Laclede County

We have audited certain operations of Laclede County in fulfillment of our responsibilities under Section 29.230, RSMo. In addition, Davis, Lynn & Moots, P.C., Certified Public Accountants, was engaged to audit the financial statements of Laclede County for the 2 years ended December 31, 2008. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2009. 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, grant agreement, 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 Laclede County.



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Laclede County Management Advisory Report State Auditor's Findings

1. County Disbursements

Controls and procedures over bidding and fuel usage need improvement.

1.1 Bidding

The county did not solicit bids, retain sufficient bid documentation, or document emergency or sole source procurements for the following items or services:

Item or Service	Cost
Excavation services (2008)	\$ 499,730
Prisoner food (2009 and 2008)	268,122
911 equipment and installation (2009)	44,206
Equipment repairs (2009 and 2008)	43,790
Assessor software and equipment (2009)	30,799
2 used Sheriff vehicles (2009 and 2008)	24,399

The excavation services were incurred as part of a federal emergency management assistance (FEMA) project. In addition to non-compliance with state law, FEMA guidelines require a competitive bid process and compliance with applicable state and local procurement requirements. Compliance with federal program requirements are necessary to ensure maximum reimbursement for costs incurred, and reduce the possibility of repayments related to questioned costs or reductions of future federal funding.

Section 50.660, RSMo, provides guidance on bidding requirements and procedures. 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, and the county's selection process and criteria should be retained to demonstrate compliance with applicable laws or regulations and support decisions made.

1.2 Fuel procedures

Fuel records are not used to reconcile fuel purchases to fuel used, and mileage and fuel logs are not maintained by the Sheriff. County records indicate fuel purchases totaled approximately \$320,000 for bulk diesel and \$178,000 for gasoline during the 2 years ended December 31, 2009.

- The county has a mobile diesel fuel tank used to fuel various equipment for the road and bridge department. While the fuel tank is metered and records of fuel dispensed into various equipment are maintained; these records are not used to reconcile fuel use to fuel purchases. Additionally, fuel logs and activity reports used to track gasoline purchases are not reconciled to fuel purchases and do not include documentation of destination and purpose of the trip.



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- Mileage and fuel logs are not maintained by the Sheriff for the county vehicle he drives. Additionally, mileage and fuel logs maintained for the other vehicles of the Sheriff's office, the Emergency Management office, and the Assessor's office are not used to reconcile fuel use to fuel purchases. Further, not all logs include adequate documentation to ensure mileage is reasonable.

Mileage and fuel usage logs are necessary to document the appropriate use of vehicles and equipment and to support fuel charges. The logs should include sufficient information to allow reconciliations of fuel use to fuel purchases and determine reasonableness of miles driven.

1.3 Purchase orders

Purchase orders were not always completed, signed by the preparer, and signed to document approval. Of 31 disbursements reviewed, 22 did not have purchase orders. In addition, three of the nine purchase orders were not signed by the preparer, and none of the purchase orders had an approval signature.

County policy requires purchase orders for all vendors. To ensure the validity and propriety of disbursements, purchase orders should be prepared for all purchases, and be signed by the preparer and the official approving the purchase.

Recommendations

The County Commission:

- 1.1 Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
- 1.2 Require mileage and fuel usage logs be maintained for all county-owned vehicles, and these logs be reviewed and reconciled to fuel purchases. Any significant discrepancies should be investigated.
- 1.3 Ensure purchase orders are completed for all purchases and signed by the preparer and the official approving the purchase.

Auditee's Response

The County Commission provided the following written responses:

- 1.1 *We plan to continue to perform a competitive procurement process (bid process) for all major purchases and maintain documentation of how or why decisions are made, then have minutes reflect that.*
- 1.2 *We have recently implemented logbook use at Road & Bridge and will continue to review and change the procedure as needed and required. We will confer with the Assessor, Sheriff, and the Office of Emergency Management to review their procedures.*



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1.3 *We will strive to ensure that all purchase orders are completed and signed by the preparer and authorizing official for all purchases.*

The Sheriff provided the following response:

1.2 *Beginning November 1, we will be tracking fuel purchases through the 911 CAD (Computer Aided Dispatch) system.*

2. Sheriff Inmate and Commissary Procedures

Problems were identified with the records and procedures accounting for inmate and commissary monies. During the 2 years ended December 31, 2009, the Sheriff's office received a total of approximately \$250,000 in inmate and commissary monies.

2.1 Segregation of duties

The duties of receiving, recording, depositing, and disbursing monies related to the inmate trust account are not adequately segregated. The Sheriff's office has a bookkeeper who performs these duties. While the Sheriff or the Office Administrator reviews the bank reconciliation performed by the bookkeeper, there are no independent reconciliations between monies received and deposited. Had there been adequate oversight of these duties, the unidentified balance noted in section 2.4 may have been detected and resolved in a timely manner.

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, an effective supervisory review should be performed and documented.

2.2 Commissary income

The Sheriff maintains commissary commissions and phone card profits outside the county treasury and uses these monies to purchase items for the office and inmates. According to the Sheriff's records, commissary commissions totaling \$15,393 and \$12,998, and phone card profits totaling \$4,784 and \$5,000 were received for the years ended December 31, 2009 and 2008, respectively. These monies, along with inmate monies, are deposited in the Sheriff's Inmate Trust account.

- Commissary commissions are not turned over to the County Treasurer. The Sheriff contracts with a company to provide commissary items to the inmates and retains 25 percent of sales as commissions. These commissions are used to purchase items for the jail. These purchases are not approved by the County Commission and are not handled through the normal county procurement and budget process. As of June 30, 2010, the Sheriff's Inmate Trust account had a balance of approximately \$45,000 of which approximately \$35,000 represented commissary commissions not turned over to the County Treasurer.



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- Some profits from phone cards are not turned over to the County Treasurer. The Sheriff purchases phone cards for \$6 each and sells them for \$10 to inmates. Of the \$4 profit, \$3.60 is turned over to the County Treasurer annually and 40 cents is retained in the Sheriff's Inmate Trust account to purchase more phone cards. As of June 30, 2010, approximately \$4,000 (\$1,300 related to the 40 cent profit and \$2,700 related to the \$3.60 profit) of phone card profits was held by the Sheriff in the inmate trust account.

All commissary commissions and phone card profits should be turned over to the County Treasurer monthly. There is no statutory authority for the Sheriff to hold these accountable fees and make disbursements outside the normal county procurement process.

2.3 Liabilities

Monthly lists of liabilities are not prepared for the inmate trust account, and consequently, liabilities are not reconciled with cash balances. We prepared a list of liabilities as of June 24, 2010, and noted an unidentified balance of \$974 in the bank account. Sheriff Department personnel believe this balance represents unspent commissions and profits earned during 2007.

Monthly lists of liabilities should be prepared and reconciled to cash balances to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities.

2.4 Commissary agreement

The county has not entered into a written agreement with the commissary vendor. The Sheriff collected \$28,391 in commissary commissions during the 2 years ended December 31, 2009.

Section 432.070, RSMo, requires all contracts be in writing. In addition, written contracts are necessary to document the duties, rights, and responsibilities of each party and should establish performance criteria which must be met prior to payment for work completed.

Recommendations

The Sheriff:

- 2.1 Segregate accounting duties to the extent possible. If proper segregation is not possible, an effective supervisory review should be performed and documented.
- 2.2 Disburse all commissary commissions and phone card profits in the inmate trust account to the County Treasurer and disburse all future commissions and profits to the County Treasurer monthly.
- 2.3 Prepare a monthly list of open items and reconcile it to the book balance.



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2.4 Enter into a written agreement with the commissary vendor.

Auditee's Response

The Sheriff provided the following responses:

2.1 *I receive bank statements directly from the bank and scan them for reasonableness. I believe this is adequate oversight of the inmate account.*

2.2 *Commissary commissions are currently and will continue to be turned over to the Treasurer annually.*

2.3 *We will try to implement this recommendation.*

2.4 *We plan to contact the vendor regarding a written agreement.*

3. Public Administrator Controls and Procedures

Procedures for monitoring receipts and disbursements of wards need improvement. The Public Administrator is the court appointed personal representative for wards of the Associate Circuit Court, Probate Division, and is responsible for the financial activity of approximately 140 individuals. We reviewed four cases with cash balances totaling approximately \$248,000, which represents 72 percent of the total cash balances from all cases at December 31, 2009. Our review identified weaknesses involving inaccurate annual settlements, calculation of fees, and duplicate payments.

- According to court records, monthly retirement payments totaling \$2,819 were to be received by a ward; however, a payment for April 2009 was not deposited into the ward's account. The retirement payment was not recorded on the ward's 2009 annual settlement and the Public Administrator was unaware of the missing retirement income.
- Income from an inheritance was not reported on an annual settlement. According to the Public Administrator, a \$31,250 certificate of deposit (CD) was purchased directly with an inheritance check received in October 2009. The CD was reported on the annual settlement as an ending asset. As a result of not reporting the inheritance receipt on the annual settlement, the settlement filed with the court did not balance.
- Payments totaling \$3,728 were made to the Missouri Department of Revenue and to the United States Treasury on March 11, 2009, and again on March 25, 2009. The duplicate payments were not identified until refunds for the overpayments were received from the Missouri Department of Revenue on May 29, 2009, and the United States Treasury on January 13, 2010.



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To ensure the validity and propriety of receipts and disbursements, and to avoid duplicate payments, receipt and disbursement review procedures should be implemented. Such procedures may include ensuring all invoices are clearly marked paid or otherwise canceled to avoid duplicate payments.

Recommendations

The Public Administrator and the Probate Judge ensure receipts and disbursements for all wards are properly monitored.

Auditee's Response

The Public Administrator provided the following written responses:

Yes, the Management of Personal Affairs office in Washington DC was notified on February 6, 2009 that we were going to close the account that this retirement check went into, which we did in March 2009. On April 30, 2009, we contacted them again, telling them that the account had been closed and we needed forms to set up a new direct deposit. On May 12, 2009, we contacted them again, and we were informed that this individual had put a block on her account, as she was paranoid (that is why we are her guardian) in thinking that other people were trying to get into her account. We had to do everything by fax at this point to prove who we were and what we were trying to accomplish. I was aware that we did not get the checks for April and May 2009, but when we finally did get the checks sent to the new account we were told at one point that April would be sent later. Well, later never came. Until we called again on June 16, 2010 and requested the check, and again they promised it. (This was after the auditors had noted that it had not been received). Even though they promised once again, I had to call again on October 6, 2010, (four months later again), and they again promised it within five business days. It was deposited into her account on 10-15-2010. The last time I had to deal with this office in Washington DC, it took action by Rep. Ike Skelton to resolve it, in fact we started a war in Iraq and won it before I was able to get this agency to send me another ladies money. All Federal agencies are difficult to work with regarding guardianships in Missouri.

I feel that we went above and beyond in dealing with this agency, and I regret that we were not successful in making them do what we had requested in 2009. But it was not for lack of trying.

The inheritance was reported on the annual settlement. In fact a copy of the CD that we purchased, along with a copy of the check, and a copy of the letter from the attorney, and a copy of the "Receipt of Distributee" was included in the settlement. The CD was reported on the settlement, and I am unaware of any inaccurate reporting that caused the annual settlement to not balance. It was not received until October 2009, so it could not be accounted for in the beginning inventory. There was an issue with the initial Inventory filed that was off by \$400.00 but it was amended as soon as the error was discovered. This inventory was filed by the attorney that was



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hired to do the work on this estate. We provide the bank statements, but we don't prepare the forms. It was simply an addition error.

Duplicate payments. For one estate, we did pay the Federal Government and State Government too much money. The error occurred when the accountant e-filed for this individual. Checks were issued and given to the accountant at the time the returns were e-filed. Then when we were given the copies of the tax returns. They were in the stack of returns to write checks for and we did issue duplicate checks. It is our practice to have an invoice and pay by invoice, and stamp that invoice and date it when paid, date and check number. This was just one of those things that happened at a very stressful time (tax time). All monies have been refunded by both the US Treasury and the State of Missouri.

Associate Circuit Judge Hutson provided the following written responses:

According to Public Administrator Sherry Shamel, she was aware that Ms. Mitchell's April 2009 retirement payment of \$2,819 had not been received. She had made substantial efforts to obtain the payment and it wasn't until 10/15/10 that the Management of Personal Affairs Office in Washington, D.C. finally remitted payment.

The Probate Court follows the law concerning filing of settlements. However, it appears a mistake was made in regards to the single file you reviewed. On August 12, 2010, Public Administrator Shamel brought the error to the Court's attention and filed a semi-annual settlement to correct the error. I am assured that Ms. Mitchell's assets are protected and her income was adjusted.

The Probate Division will continue to follow the law and monitor receipts and disbursements of wards.

4. Prosecuting Attorney Controls and Procedures

Several weaknesses were identified during our review of the Prosecuting Attorney's controls and procedures. The Prosecuting Attorney retains custody of the Prosecuting Attorney Bad Check Fees (PABC) Fund, the Delinquent Tax Fund, and the Law Library Fund with balances at December 31, 2009, of approximately \$212,000, \$38,000, and \$175,000, respectively. Additionally, the Prosecuting Attorney has bank accounts for court ordered restitution and bad check restitution. Receipts for these accounts totaled approximately \$229,000 and \$326,000, during the years ended December 31, 2009 and 2008, respectively.

4.1 Segregation of duties

Duties are not adequately segregated and an adequate supervisory review of accounting records is not performed. One employee performs accounting duties, such as depositing and disbursing monies and reconciling the bank



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account. There is no documented review of the accounting records or bank reconciliations by the Prosecuting Attorney.

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, an effective supervisory review should be performed and documented.

4.2 Disbursements

Procedures for disbursements from the PABC Fund need improvement.

- In December 2009, the Prosecuting Attorney spent \$4,988 from the PABC Fund for a Christmas party for county and city law enforcement personnel and their guests. Items purchased included 200 gift cards (\$10 each) which were provided as gifts to attendees, 150 catered meals totaling \$1,950, and miscellaneous items totaling \$1,038.

While Section 570.120, RSMo, appears to allow these monies to be spent at the Prosecuting Attorney's discretion, a Christmas party and gift cards do not appear to be necessary uses of county funds.

- Adequate supporting documentation was not maintained for reimbursement claims paid from the PABC Fund. Reimbursement claims paid to the Prosecuting Attorney from June through November 2009, included meals totaling \$948 for the Prosecuting Attorney, her family, and her employees. We noted receipt slips for 11 of 17 meals claimed were not itemized. In addition, we noted two meals, totaling \$416, which the Prosecuting Attorney indicated were for her, her husband, and her two children.

According to the county personnel manual, all persons authorized to travel shall be reimbursed travel-related expenses upon proper presentation of appropriate itemized receipts, and expenses incurred by a spouse or other relative accompanying an employee are non reimbursable.

- Cellular phone reimbursements were not adequately documented. The Prosecuting Attorney along with three employees are reimbursed \$50 per month from the PABC Fund for use of their personal cellular phones for business, and in December 2009, they were reimbursed \$125 each for cellular upgrades. Supporting documentation, such as cellular phone bills, was not obtained or requested to justify these reimbursements.

County residents place a fiduciary trust in their public officials to expend public funds in a necessary and appropriate manner. To ensure disbursements represent appropriate uses of public funds, procedures should



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be implemented to ensure all reimbursements are supported by itemized paid receipts or vendor invoices and comply with county policy.

Recommendations

The Prosecuting Attorney:

- 4.1 Segregate accounting duties to the extent possible. If proper segregation is not possible, an effective supervisory review should be performed and documented.
- 4.2 Ensure all disbursements are necessary and beneficial to county residents and are adequately documented.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

- 4.1 *Auditors have expressed concern that only one employee makes the deposits at the bank, disburses the funds collected to the victims owed, and also reconciles the bank account. Ideally, the Prosecutor's office would have staff in numbers large enough to segregate those duties. However, budget constraints do not allow for staff increases and at present time there is only one clerk available to handle those financial responsibilities.*

Finally, a review of bank accounts maintained by the Prosecuting Attorney's office and transactions conducted within those accounts does occur from time to time. I believe that those reviews provide a proper and necessary safeguard against accounting errors that may occur within this office or the bank and are essential to good records management. Because the reviews are unscheduled, I believe that we are able to get an accurate measure of the status of all accounts and the activity conducted therein.

- 4.2 *All disbursements made through the Prosecuting Attorney Bad Check (PABC) Fund or the Delinquent Tax Fund for meals during the time period referenced in the audit were supported by a receipt or written memorandum that corresponded with the item being reimbursed. The references contained within the receipt or memorandum provided adequate detail and was easily discernable as those that corresponded with the meal(s) for which reimbursement was requested.*

Chapter 49 of the Revised Statutes of Missouri details the duties and powers of the county commission. By virtue of the authority granted in Chapter 49, the Commissioners may designate under what conditions, in what amount, and in what manner they choose to reimburse county employees for expenses incurred by those employees. Laclede County Commissioners have set forth their



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guidelines for reimbursement in the county personnel manual. While I appreciate the judgment of the Commissioners in assessing how they will reimburse county employees for meals consumed while working, the prosecuting attorney is authorized by statute to exercise her own judgment regarding meal reimbursement when those funds are being reimbursed via the PABC Fund or Delinquent Tax Fund. Section 570.120.5(2)RSMo, Section 136.150 RSMo. Occasionally, work necessitates travel for employees of the prosecutor's office. Sometimes families are inconvenienced and are required to travel along. On those occasions, the employee as well as displaced members of his family will be reimbursed for food and other reasonable expenses incurred during the required travel. Under what conditions, in what amount, and in what manner that reimbursement for lawful expenses will occur, when the reimbursement is made through the PABC Fund or the Delinquent Tax Fund, is the prerogative of the prosecuting attorney.

Because of the nature of the work conducted in the prosecuting attorney's office, cellular phones, specifically those with text message capacity, are necessitated for certain employees and staff. Those employees are required to have their phones available for use throughout the workday and nighttime, when applicable. As a substantial amount of work is conducted through this electronic medium daily, there exists no need for documentation to verify that those employees have maintained a cellular telephone with texting capacity as required. I, as well as other local law enforcement, confirm that employees have met this burden continually throughout the course of the workday and occasional evening. As the auditors have expressed a preference for a writing evidencing that cellular phone service has actually been procured, the Prosecutor's office will comply with that preference as practicable.

Auditor's Comment

- 4.2 While the Prosecuting Attorney may be authorized by statute to exercise her own judgment regarding meal reimbursements from the PABC or Delinquent Tax Funds, such expenses should be necessary and appropriate. While official duties and conferences may sometimes require travel by county officials and/or employees, and families may choose to accompany the official or employee, it would be extremely unusual for families to be "required" to travel.

5. Sheriff Controls and Procedures

Controls and procedures of the Sheriff's office need improvement. The Sheriff received monies for civil and criminal fees, bonds, board bills, carry and conceal permits, and other miscellaneous receipts totaling approximately \$175,000 and \$89,000 for the years ended December 31, 2009 and 2008, respectively, which are handled through the Sheriff's fee account.



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5.1 Segregation of duties

The duties of receiving, recording, depositing, and disbursing monies are not adequately segregated. The Sheriff's office has a bookkeeper who performs these duties. While the Sheriff or the Office Administrator reviews the bank reconciliation performed by the bookkeeper, there are no independent reconciliations between monies received and deposited.

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, an effective supervisory review should be performed and documented.

5.2 Receipting and depositing

Concerns were noted regarding the receipting and depositing of monies.

- Receipt slips are not issued for civil fees.
- Monies received are not deposited in a timely manner. For example, records indicate civil fees and carry and conceal permit receipts totaling \$733 received between April 5, 2010, and April 15, 2010, were not deposited until April 16, 2010. Further, bond monies are not deposited/transmitted if the bookkeeper is absent from work.
- Checks are not restrictively endorsed immediately upon receipt.

To ensure receipts are handled properly, official prenumbered receipt slips should be issued for all monies received, deposits should be made timely, and checks should be restrictively endorsed immediately upon receipt.

5.3 Noncheck disbursements

Adequate supporting documentation is not maintained for noncheck disbursements.

- The Sheriff's office did not maintain adequate documentation for the disbursement of seized cash from the forfeiture account. In March 2010, the Sheriff disbursed a total of \$4,681 from the forfeiture account using cashier's checks; however, copies of the cashier's checks were not maintained. Without adequate documentation there is no assurance monies were paid to the appropriate parties.
- A \$15,000 cashier's check received as a bond was mailed to another county without adequate documentation. A copy of the cashier's check was not retained and a receipt was not received. Bond monies are normally deposited and checks issued to disburse the funds. It is questionable why similar procedures were not used for this bond receipt.

To adequately safeguard against theft or misuse of funds and to provide assurance that all disbursements are appropriate, documentation should be maintained for any noncheck disbursements.



Recommendations

The Sheriff:

- 5.1 Segregate accounting duties to the extent possible. If proper segregation is not possible, an effective supervisory review should be performed and documented.
- 5.2 Issue official prenumbered receipt slips for all monies received, deposit all monies in a timely manner, and account for the numerical sequence of receipt slips. In addition, the Sheriff should ensure checks are restrictively endorsed immediately upon receipt.
- 5.3 Maintain supporting documentation for all noncheck disbursements.

Auditee's Response

The Sheriff provided the following responses:

- 5.1 *I receive bank statements directly from the bank and scan them for reasonableness. I believe this is adequate oversight of these accounts.*
- 5.2 *Our QuickBooks program assigns receipt numbers to civil receipts. We will begin to endorse checks upon receipt.*
- 5.3 *At the time we received the checks we did not realize we were given cashier's checks. In the future, we plan to maintain documentation of these transactions.*

Auditor's Comment

While QuickBooks does assign numbers to cash receipts, there is no accountability over these numbers, and the Sheriff's office does not account for all numbers assigned.

6. Property Tax System

The County Commission does not review and approve taxes outlawed each year, and some assessment data is not password protected.

6.1 Review of outlawed taxes

Personal property taxes totaling over \$148,000 were outlawed and removed from the tax books during the 2 years ended February 28, 2010, without the approval of the County Commission. As a result, changes to the amount of taxes the Collector is charged with collecting are not properly monitored. Section 137.260, RSMo, requires the tax books only be changed by the County Clerk under order of the County Commission.

6.2 Passwords

Employees of the Assessor's office use shared passwords to gain access to real estate assessment data. Although individual passwords are utilized to gain access to personal property data, the software has not been programmed to require individual passwords to access real estate assessment data. Passwords should be individually assigned, kept



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confidential, and changed periodically to help limit the effect of unauthorized access to computer files and ensure confidentiality of various data files and programs.

Recommendations

- 6.1 The County Commission review property taxes outlawed each year.
- 6.2 The Assessor establish procedures to appropriately restrict access to real estate data through individually assigned passwords that are kept confidential.

Auditee's Response

The County Commission provided the following written response:

- 6.1 *We plan to approve outlawed taxes.*

The County Assessor provided the following response:

- 6.2 *We plan to implement passwords to real estate data.*

7. Personnel Policies

Although the county has an established written personnel manual, not all issues are addressed and some policies are not included in the manual.

- The County has not established a formal policy regarding donated leave time. In 2009, some county employees donated 185 hours of their leave time to an ill co-worker. Complete and detailed written policies are necessary to provide guidance to county employees and provide a basis for proper compensation.
- The county does not have a policy regarding the employment and supervision of related employees. The Jail Administrator is the direct supervisor of the Sheriff's department bookkeeper who is his aunt, and a jailer who is his mother-in-law. Further, the Sheriff's Chief Deputy is in charge of the Sheriff's office in the absence of the Sheriff and during those times is the direct supervisor of the bookkeeper who is his wife and the Jail Administrator who is his nephew. The Jail Administrator and bookkeeper are both check signers on the inmate trust account.
- Although the county has a policy regarding background checks, it is not included in the personnel manual. Further, background checks are not conducted for all county employees.
- Commission meeting minutes in April 2010 indicated the County Commission planned to update the cellular phone usage policy; however, the personnel manual does not include such a policy.

To ensure compliance with personnel policies, the personnel manual should be periodically updated. Further, the personnel policies would be more



complete by addressing issues involving donated leave, related parties, background checks, and cellular phone usage.

Recommendation

The County Commission ensure the personnel manual is periodically updated and addresses issues involving donated leave, related employees, background checks, and cellular phone usage.

Auditee's Response

The County Commission provided the following written response:

Although we periodically review and update our personnel policy, situations do arise that are not addressed in the policy which initiates another review and update. We will confer with our legal counsel and address the topics of donated leave, employment, and supervision of relatives, use of county cell phones, and background checks.

8. Closed Meeting Minutes

Meeting minutes were not sufficient to demonstrate how some issues discussed in closed session were allowable under the Sunshine Law. For example, during the June 29, 2009, and July 7, 2009, closed session meetings, the County Commission discussed and set the salary for a new full time assistant in the Office of Emergency Management (OEM). Other topics discussed during closed session meetings included timesheets for employees with professional licenses, duties of an employee of the Assessor's office, funding from the Sheriff for a Geographic Information System, and activity worksheets and job descriptions for the OEM personnel.

To ensure compliance with state law, the County Commission should restrict discussion in closed sessions to specific topics listed in the Sunshine Law, Chapter 610, RSMo.

Recommendation

The County Commission should ensure only allowable topics are discussed in closed meetings.

Auditee's Response

The County Commission provided the following written response:

We plan on reviewing the Sunshine Law and how it relates to closed meetings. We will "with due diligence" strive to adhere to the principals of the law.

9. Senate Bill 40

The Senate Bill 40 (SB40) Board does not provide adequate oversight of the accounting functions performed for the SB40 Board Fund. In addition, a quorum of Board members was not physically present during telephone votes, and budgets were not filed with the State Auditor's office.



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All SB40 Board Fund disbursements are to Laclede Industries (a nonprofit sheltered workshop) and totaled approximately \$263,000 and \$270,000 for the years ended December 31, 2009 and 2008, respectively.

9.1 Oversight

The SB40 Board does not adequately monitor disbursements to the sheltered workshop. Prior to 2009, the accounting functions were performed by the Board Secretary/Treasurer. In 2009, the SB40 contracted out the accounting functions to an external Certified Public Accountant. According to meeting minutes, the Board only met once each year in 2008 and 2009 to set the tax levy; and bank reconciliations, bank statements, and canceled checks are not reviewed by the Board.

To safeguard against possible loss or misuse of funds, the Board should approve all disbursements and review supporting documentation, bank information, and canceled checks. Board approval of disbursements should be documented in the minutes, and by signature or initials on monthly reports.

9.2 Board meetings

The SB 40 Board did not comply with state law when members of the Board voted by telephone in August 2008 and August 2010 to set tax levies. A quorum of Board members was not physically present during either vote.

Section 610.015, RSMo, requires a quorum of Board members be physically present at the meeting location before any other members are allowed to participate by telephone.

9.3 Budgets

Formal budgets were not filed with the State Auditor's office for 2008, 2009, and 2010. Chapter 50, RSMo, requires the budget document to be sent to the State Auditor's office.

Recommendations

The Senate Bill 40 Board:

- 9.1 Review and approve all disbursements and review supporting documentation, bank information, and canceled checks. The Board should ensure approval of disbursements is documented in the minutes and on monthly reports.
- 9.2 Comply with state law regarding telephone votes.
- 9.3 Ensure accurate and complete budgets are submitted to the State Auditor's office as required by state law.

Auditee's Response

The Senate Bill 40 Board provided the following written response:

9.1-9.3 Although the SB-40 Board has been struggling, the Board's intention has been to provide open communication in compliance with state guidelines. The Board's understanding has been that the



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Board is in compliance as the August 2010 meeting was conducted in an open forum at a time and place posted and announced to the public. The Board, however, welcomes the auditor's report and guidance provided to assist the Board in meeting its obligations to the citizens of Laclede County and the State of Missouri. The Board looks forward to working with the County Commission and State Auditor's office to implement the recommendations of the report during the 2011 year, beginning with the Jan/Feb regularly scheduled board meeting.

Laclede County

Organization and Statistical Information

Laclede County is a county organized, third-class county. The county seat is Lebanon.

Laclede 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 120 full-time employees and 32 part-time employees on December 31, 2009.

In addition, county operations include the Senate Bill 40 Board.

Elected Officials

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

Officeholder	2010	2009
County-Paid Officials		
Danny Rhoades, Presiding Commissioner	\$	32,334
Joe Pickering, Associate Commissioner		29,699
Jack Glendenning, Associate Commissioner		29,699
Lynn Stowe, Recorder of Deeds		45,900
Glenda Mott, County Clerk		45,900
Angie Hemphill Wright, Prosecuting Attorney		56,100
Richard Wrinkle, Sheriff		50,000
Jean Cook, County Treasurer		45,900
Steve Murrell, County Coroner		16,000
Sherry Shamel, Public Administrator		45,000
Steve Pickering, County Collector (1), year ended February 28 (29),	63,039	
Johnny North, County Assessor, year ended August 31,		45,000
Robert Shotts, County Surveyor (2)		N/A

(1) Includes \$17,139 of commissions earned for collecting city property taxes.

(2) Compensation on a fee basis.

Financing Arrangements

The county has entered into several lease purchase agreements for road and bridge equipment. At December 31, 2009, the balance of the leases totaled approximately \$512,000. Principal and interest payments are made from the Special Road and Bridge Fund.