



Thomas A. Schweich

Missouri State Auditor

Ozark County

December 2011
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<http://auditor.mo.gov>



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Ozark County

County Disbursements	<p>The Presiding Commissioner signed a lease agreement between the county and a not-for-profit organization for which he served as President. The County Commission meeting minutes do not reflect the discussion or vote to approve the lease, and it is not clear how the county established the lease rate (\$300 per month) or why it did not advertise the property for lease or solicit competitive bids. The county did not solicit bids, retain sufficient bid documentation, including sole source justifications, or advertise for various items or services as required by state law. The Sheriff did not solicit bids, as was required, to purchase a patrol sports utility vehicle (SUV) and related equipment costing \$47,371 with federal monies, and six months later purchased two similar, but newer, SUVs for \$28,275 each. The county did not maintain fuel logs for eight of its ten road and bridge bulk fuel tanks, six of which are located at employee residences, the Sheriff's department did not always maintain mileage information on its vehicles, and the Assessor's office did not track who drove its vehicles and the purpose of the trip. Finally, the county did not have adequate documentation to support two disbursements of Community Development Block Grant monies.</p>
County Sales Tax	<p>The county did not sufficiently reduce the General Revenue property tax levy for sales tax receipts and has accumulated approximately \$50,000 in excess property tax revenue. The County Commission needs to reduce the General Revenue property tax levy to compensate for this excess. In addition, the county did not accurately report property tax reduction amounts to the State Auditor's office resulting in a reduction in the county's property tax rate ceiling. After identifying the reporting errors made by the county, the State Auditor's office made the necessary corrections to reinstate the county's tax rate ceiling.</p>
Sheriff's Controls and Procedures	<p>The Sheriff's department needs to improve its receipting and depositing procedures. Receipts collected at the Sheriff's department front window are not adequately safeguarded, and the composition of receipts is not always documented or reconciled to bank deposits. Deposits are not always made intact or timely, and the change fund for phone card sales is not maintained at a constant amount. The Sheriff's department used Sheriff's Revolving Fund monies to purchase surveillance and recording equipment, but state law restricts these funds to expenditures associated with concealed carry endorsements or renewals. The Sheriff's department collects a \$10 bond processing fee, but state law no longer authorizes collecting such a fee (and previously only authorized a \$5 fee).</p>
Prosecuting Attorney Controls and Procedures	<p>As noted in our prior audit report, the Prosecuting Attorney's office lacks adequate controls and procedures for receipting, depositing, and processing bad checks. The Prosecuting Attorney's office does not issue receipt slips for monies received, does not immediately restrictively endorse money orders, and does not maintain a centralized record of all monies collected, making it more difficult to ensure all monies are transmitted to the County</p>

Treasurer. Bad check complaint forms should be sequentially numbered as they are received, and a log should be maintained to track the disposition of each complaint.

Budgets	As noted in our prior audit report, the County Commission needs to improve its budgeting procedures. The County Commission does not regularly review budget to actual statements, and actual disbursements were more than budgeted disbursements for some funds. Some budgets were not prepared until after the monies had already been spent, and no documentation was available to show that the County Commission had approved some budget amendments.
Sheriff Compensatory Leave	Sheriff's department employees accrued more compensatory time than allowed by county policy resulting in higher Sheriff's department payroll costs. Employees accrued compensatory time for time worked over 40 hours in one week, but federal law, and county policy, only require compensatory time be accrued for law enforcement for hours worked in excess of 171 hours in a 28 day period. The Sheriff's department does not submit its leave records to the County Clerk's office, making it difficult for the County Commission to ensure compensatory time is managed in compliance with law and policy.

In the areas audited, the overall performance of this entity was **Fair**.*

American Recovery and Reinvestment Act 2009 (Federal Stimulus)	During the two years ended December 31, 2010, the county was awarded a \$127,850 Bureau of Justice Assistance Recovery Act: Assistance to Rural Law Enforcement to Combat Crime and Drugs Grant for personnel and fringe benefits, travel expenses, and a vehicle and vehicle equipment for a drug task force officer. As of June 30, 2011, the county had expended \$96,983, and an additional \$30,867 remained to be spent before October 2011. The Sheriff noted that, without additional funding, the position created by this grant may be eliminated.
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*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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Ozark County

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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Ozark County

We have audited certain operations of Ozark County in fulfillment of our duties under Section 29.230, RSMo. In addition, Davis, Lynn & Moots, P.C., Certified Public Accountants, was engaged to audit the financial statements of Ozark County for the 2 years ended December 31, 2009. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2010. 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 tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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 Ozark County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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Ozark County Management Advisory Report State Auditor's Findings

1. County Disbursements

The county did not take steps to avoid the appearance of or actual conflicts of interest when leasing the Courthouse Annex to a local not-for-profit (NFP) organization. In addition, controls and procedures over county disbursements including bidding, fuel use, and monitoring grant funds need improvement.

1.1 Courthouse Annex

Presiding Commissioner David Morrison signed a lease agreement between the county and a local NFP organization, for which he served as President, with no discussion or vote to approve the agreement documented in the County Commission meeting minutes. In addition, it is unclear how the lease rate was determined, and capital improvements made in exchange for lease payments were not documented.

On April 5, 2010, the Presiding Commissioner signed an agreement for the county to lease approximately one half of the space in the almost 7,200 square foot courthouse annex to the NFP for which he served as the President. Although the County Commission met on April 5, 2010, the discussion and vote to approve this lease agreement was not documented in the meeting minutes. The minutes simply indicate the County Commission approved the lease.

The lease agreement waived first year lease payments in exchange for capital improvements to the structure, and guaranteed a monthly lease rate of \$300 per month for the next 5 years. According to the Presiding Commissioner, the rental rate was set low because the NFP provides services to low income families and individuals in the county; however, this benefit was not disclosed in the lease agreement. Capital improvements included new heating and air systems, handicap accessible deck and decking on the rear entrance, installation of dividing walls for offices and meeting space, drop ceiling, and flooring; however, the county did not obtain and review documentation from the organization to support the required improvements totaling approximately \$33,000 until our request in September 2011. In addition, the county did not solicit competitive bids for leasing the space, advertise the space for lease, or list the space with a local real estate agent. Further, there is no documentation to indicate how the lease amount was determined.

As an elected official, the Presiding Commissioner serves in a fiduciary capacity and has an obligation to the public to avoid the appearance of impropriety. Signing a lease agreement for the county with a NFP that he serves as president without any documented abstention from the vote creates the appearance of a conflict of interest. To avoid potential conflicts of interest, meeting minutes should include documentation of all discussions and votes to approve such agreements and related abstentions. The county should perform and document a cost analysis for leasing office space, and utilize tools such as competitive bidding, advertisement, or professional



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Management Advisory Report - State Auditor's Findings

services as needed to maximize the revenue to the county. Further, when the county allows services or improvements to be exchanged for payments due, the County Commissioners should obtain and review applicable supporting documentation to ensure contract compliance.

1.2 Bidding

The county did not solicit bids, retain sufficient bid documentation including sole source justification, or advertise for various items or services.

- The Sheriff did not solicit bids for the following purchases:

Items	Cost
Jail Food (2009 and 2010)	\$67,869
Patrol SUV	39,250
Patrol truck	17,500
Patrol vehicle surveillance systems	10,380
Patrol SUV equipment	8,121
Dispatch radio	7,768
Sheriff's Department surveillance system	4,575

The patrol SUV (\$39,250) and related equipment (\$8,121) noted in the table above were purchased using American Recovery and Reinvestment Act monies received by the Sheriff's Department. The grant required the solicitation of bids for these purchases. Six months later, the Sheriff purchased two similar SUVs one model year newer at a cost of \$28,275 each, using the state contract.

- Although county officials indicate bids were solicited, sufficient documentation was not retained to show compliance with state law for the purchase of tires for road and bridge equipment totaling \$17,942 or grader blades totaling \$7,982.
- The county did not document sole source procurement for ready mix concrete and patrol car repairs totaling \$30,222 and \$17,412, respectively, during the 2 years ended December 31, 2010. According to county officials, these items and services were not competitively bid because only one vendor could provide the items or services needed.

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. In addition, the failure to comply with bidding requirements



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for purchases from federal grant funds can result in reduced funding in future years.

1.3 Fuel and vehicle use

Improvement is needed in the controls and procedures over fuel and vehicle use. Accounting records indicate fuel purchases totaled approximately \$264,000, \$65,000, and \$5,000 by the road and bridge department, Sheriff's department, and Assessor's office, respectively, during the 2 years ended December 31, 2010.

Road and bridge

Fuel logs are not maintained for eight of the county's ten bulk fuel tanks. These eight tanks are not located on county property and six of these eight tanks are located at employee residences. Without fuel logs, the county is unable to compare the amount of fuel used to the amount of fuel purchased to ensure all fuel is accounted for properly.

Sheriff

Mileage information is not always maintained for Sheriff's department vehicles. While this information is supposed to be documented on the daily maintenance log for each vehicle by the deputy assigned to the vehicle, our review of maintenance logs found no documentation of mileage information.

Assessor

Mileage and fuel logs maintained for the Assessor's office vehicle do not indicate the individual driving the vehicle or the purpose of the trip.

Conclusion

To ensure the reasonableness and propriety of fuel used and fuel disbursements, procedures should be established to monitor fuel use and reconcile the amount of fuel used to fuel purchased. Mileage and fuel logs are necessary to support fuel charges and to document the appropriate use of vehicles. Failure to account for fuel purchases could result in loss, theft, and misuse going undetected.

1.4 Community Development Block Grant (CDBG)

The county did not have adequate documentation to support the disbursement of \$125,000 in CDBG monies during the 2 years ended December 31, 2010. In June 2009, the county was awarded a CDBG from the Department of Economic Development (DED). These funds were received for the purpose of providing an acquisition loan to a local company for the expansion of their facilities and area job creation.

The county submitted two requests for funds to the DED. The first included a request for \$13,283 for working capital and the second request for \$111,717 for machinery and equipment. The county did not request or receive any supporting documentation of actual costs incurred from the local company prior to making these requests for funds.



Ozark County
Management Advisory Report - State Auditor's Findings

To ensure all disbursements of grant funds meet the requirements and restrictions specified in the grant agreement, the county should require adequate supporting documentation be submitted for all disbursements.

Similar conditions were noted in our prior audit report.

Recommendations

The County Commission:

- 1.1 Avoid the appearance of and actual conflicts of interest and ensure all pertinent information is documented in meeting minutes. In addition, the County Commission should perform procedures to maximize revenues and obtain and review documentation to ensure contract compliance.
- 1.2 Perform a competitive procurement process for all major purchases and maintain documentation of decisions made. If it is not practical to obtain bids in a specific instance, or if sole source procurement is necessary, the circumstances should be thoroughly documented.
- 1.3 Require fuel logs be maintained, and these logs be reviewed for accuracy and reconciled to fuel purchases. Any significant discrepancies should be investigated. In addition, the Sheriff and Assessor should ensure complete mileage logs are maintained for county vehicles.
- 1.4 Require adequate supporting documentation for all disbursements.

Auditee's Response

The County provided the following responses:

- 1.1 *Improvements have been made in the content of County Commission meeting minutes since the date of this lease agreement. Our meeting minutes will document the specific vote and related abstentions to avoid any apparent or actual conflicts of interest, and we will advertise available lease space for bids. Documentation to show improvements made to the courthouse annex are now on file with the county.*
- 1.2 *We will discuss the bidding noncompliance with the Sheriff, and in the future, we will require sufficient documentation from the Sheriff to show state bidding laws were followed before the check is approved for payment.*
- 1.3 *Meters have now been purchased for these eight road and bridge department fuel tanks and logs will be maintained. We will discuss the lack of mileage information with the Sheriff, and the Assessor has already implemented this recommendation.*



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Management Advisory Report - State Auditor's Findings

1.4 *Documentation was maintained for most of the disbursements related to this grant. We believe the grant administrator, South Central Ozark Council of Governments has the documentation that was not on file at the county; however, we will require a copy of all supporting documentation be sent to the County Commission before disbursement of grant funds are approved in the future.*

The Sheriff provided the following responses:

1.2 *We are now utilizing state bids for more purchases and will better document bids received and actions taken to ensure the best vendor is selected.*

1.3 *We have now implemented a daily mileage log.*

2. County Sales Tax

Property tax reductions were not sufficient to offset sales taxes received by a total of approximately \$50,000 for the years 2007 through 2011. In addition, property tax reduction amounts were not properly reported to the State Auditor's office.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Ozark County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet a 50 percent reduction requirement, and certify to the State Auditor's office the annual property tax levy including the amount the levy is required to be reduced for sales tax collections, as well as any voluntary reductions. The county did not sufficiently reduce the General Revenue property tax levy for sales tax receipts, and has accumulated approximately \$50,000 in excess property tax revenue as follows:

	Year Ended December 31,		
	2011*	2010	2009
Required property tax reduction	\$ 126,510	126,510	131,295
Actual/Estimated property tax revenue reduction	136,312	88,688	170,386
(Under)/Over collection	(9,802)	37,822	(39,091)
Prior years (under)/over collection	60,035	22,213	61,304
Total property tax (under)/over collected	\$ 50,233	60,035	22,213

* The required property tax reduction is based upon estimated 2011 sales tax revenues.

Further, because the county did not specify the reductions were sales tax related on the levy certification forms, the reductions were considered voluntary and due to Section 137.073(5) (4), RSMo, the tax rate ceiling for the General Revenue Fund was initially lowered for 2011, further limiting the county's ability to correct the excess property collections from prior years. After identifying these errors made by the county, the State Auditor's



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office made the necessary corrections to reinstate the county's tax rate ceiling for 2011.

To ensure property tax levies are properly set and property tax ceilings are maintained, the County Clerk should ensure property tax levies are adequately reduced by 50 percent of sales tax revenue and the property tax levy reductions are accurately classified when reported to the State Auditor's office.

Recommendation

The County Commission adequately reduce property tax levies for 50 percent of sales tax revenue and properly distinguish between sales tax and voluntary reductions on certified property tax forms.

Auditee's Response

The County Commission provided the following response:

Along with the County Clerk, we will ensure the county's property tax levy is properly reduced for 50 percent of sales tax revenue and tax forms are completed properly before remitting the forms to the State Auditor's office next year.

3. Sheriff's Controls and Procedures

Weaknesses exist in accounting controls and procedures in the Sheriff's department. The Sheriff's department collected approximately \$78,000 and \$75,000 during the 2 years ended December 31, 2010 and 2009, respectively.

3.1 Receipting and depositing procedures

Receipting and depositing procedures need improvement.

- Receipts taken at the front window of the Sheriff's department are not adequately safeguarded. They are kept in the bookkeeper's deposit book on her desk where all staff on duty can access them.
- Tow fees collected for local tow truck drivers on impounded vehicles are not receipted and are held in cash and given to the truck driver when the next vehicle is delivered to the Sheriff's impound lot. The Sheriff's department collects approximately \$100 in towing fees per vehicle.
- The composition of receipts is not reconciled to the composition of deposits because the method of payment is not always correctly recorded on receipt slips issued, and the composition of deposits is not always correctly recorded on the deposit slips. For example, on December 30, 2010, the bookkeeper issued a receipt slip indicating \$1,100 cash was received for phone card sales. When the deposit slip was prepared, instead of documenting cash and check, the bookkeeper documented the receipt number as a check number and the amount of \$1,100 as though a check was received. Through our review of bank



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back up documentation, we found \$908 of this was cash and \$192 was check or money order.

- Deposits are not always made intact. We noted a personal check was cashed from department receipts during a cash count on July 13, 2011.
- Deposits for monies collected in the jail are not always made in a timely manner. For example, \$1,100 cash was received for an impound fee invoice on December 22, 2010, but was not deposited until December 31, 2010. During 2010, it appeared the bookkeeper was only depositing jail receipts once a week. Also, phone card sale receipts are only transferred to the secretary once a month for deposit. Most of these receipts are cash and during 2010, average monthly deposits totaled \$1,400.
- A change fund, provided for phone card sales, is not maintained at a constant amount. For example, when monies were deposited on September 30, 2010, \$31 remained in the cash box to be used as a change fund; however, after the following deposit on November 2, 2010, \$75 remained.

Failure to implement adequate receipt and depositing procedures increases the risk that loss or misuse of money received will go undetected.

3.2 Sheriff's Revolving Fund Disbursements from the Sheriff's Revolving Fund are not in compliance with state law. The Sheriff purchased a surveillance and recording system costing \$4,575 on February 1, 2011, to record activity in the interrogation and booking rooms, parking lot, and gas tank area.

Per Section 50.535, RSMo, Sheriff's Revolving Fund monies are to be used for the purchase of equipment, to provide training, and to make necessary expenditures to process applications for concealed carry endorsements or renewals, including but not limited to the purchase of equipment, training, fingerprinting and background checks, and employment of additional personnel.

3.3 Bond fees The Sheriff's department currently collects a \$10 bond processing fee; however, state law does not include provisions to collect such a fee. Bond processing fees of approximately \$1,300 collected during the 2 years ended December 31, 2010, were deposited into the Law Enforcement Sales Tax Fund. Although Section 57.280, RSMo, previously authorized the Sheriff to collect a \$5 fee for taking and returning every bond required by law, this statute was amended and does not currently contain a provision to collect bond processing fees. Therefore, it appears the Sheriff does not have statutory authority to collect this fee and should refrain from collecting it.



Recommendations

The Sheriff:

- 3.1 Adequately safeguard receipts from loss or misuse, issue receipt slips for all monies received, ensure the correct composition is documented on receipt slips and deposit slips, disallow the cashing of personal checks from department receipts, ensure all monies are deposited intact and in a timely manner, and ensure change funds are maintained on an imprest basis.
- 3.2 Use Sheriff's Revolving Fund monies in accordance with state law.
- 3.3 Discontinue collecting the bond fee.

Auditee's Response

The Sheriff provided the following responses:

- 3.1 *We will move monies collected to a more secure location, ensure receipt slips are issued for tow fees collected, and ensure the method of payment is correctly documented on all receipt slips, and we will not cash personal checks from cash receipts in the future. We have already started depositing more timely and will try to maintain a more consistent change fund for phone card sales.*
- 3.2 *We believe the purchase of this equipment was allowable. The fingerprinting machine and camera are located in the booking area. We take each CCW applicant into this area to fulfill the fingerprinting requirement and take their picture. To meet safety regulations, all activity in this area is required to be recorded.*
- 3.3 *We have already stopped collecting this fee.*

4. Prosecuting Attorney Controls and Procedures

Procedures for receipting, depositing, and processing bad checks are in need of improvement. The Prosecuting Attorney's office collected fees totaling approximately \$14,000 during the 2 years ended December 31, 2010.

4.1 Receipting and depositing procedures

Receipt slips are not issued for monies received, and money orders are not restrictively endorsed immediately upon receipt. No detailed record of the monies collected by the Prosecuting Attorney's office is maintained. While the Prosecuting Attorney's clerk makes a copy of each money order and places it in the defendant's file, there is no centralized record of all money collected to ensure all monies are properly transmitted to the County Treasurer.

To ensure monies are accounted for properly and transmitted intact, pre-numbered receipt slips should be issued for all monies received, the method



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of payment should be indicated on each receipt slip, and the composition of receipt slips issued should be reconciled to the composition of the amounts transmitted to the County Treasurer. In addition, money orders payable to the Prosecuting Attorney should be restrictively endorsed immediately upon receipt.

4.2 Bad check processing procedures

An adequate system to account for all bad checks received by the Prosecuting Attorney's office, as well as the subsequent disposition of these bad checks, has not been established. Currently, merchants complete a complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. The complaint form and information regarding the handling of each case is maintained in the individual case files. The Prosecuting Attorney's office has not established a log of each check received and its disposition to ensure the bad checks have been accounted for properly.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned number, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check.

Similar conditions previously reported

Conditions similar to points 4.1 and 4.2 were noted in our prior audit report.

Recommendations

The Prosecuting Attorney:

- 4.1 Issue receipt slips for all monies received and reconcile receipt slips to amounts transmitted to the County Treasurer. Additionally, the Prosecuting Attorney should ensure money orders are restrictively endorsed immediately upon receipt.
- 4.2 Implement procedures to adequately track the receipt and disposition of all bad check complaints.

Auditee's Response

The Prosecuting Attorney provided the following response:

We are currently in the process of making plans to upgrade our computer system. The new system will provide better accountability over bad check money orders received and allow us to more easily track the disposition of all cases. In addition, money orders will be endorsed immediately upon receipt.



5. Budgets

The County Commission does not review budget to actual statements on a regular basis to properly monitor county finances and actual disbursements exceeded budgeted disbursements for some funds. Also, budgets for some new funds were not prepared until after monies were disbursed from these funds. For example, the 2010 budget was amended in November 2010 to add the Community Facilities (CF) Vehicle Grant Fund with budgeted disbursements of \$72,150; however, this money was received in May 2010, and disbursed in June and July 2010, several months before the budget for this fund was prepared.

In addition, we found no documentation of a public hearing or approval by the County Commission for budget amendments approved in October and November 2009 and February 2010.

Budget documents are an essential tool for the efficient management of county finances. Adequate budget monitoring allows the county to properly react and plan for increased disbursements and decreased revenues.

Similar conditions were noted in our prior audit report.

Recommendation

The County Commission monitor budgets to ensure budgeted disbursements are not exceeded and budgets are properly approved for all new funds prior to the disbursements of monies.

Auditee's Response

The County Commission provided the following response:

We will monitor our budgets more closely and ensure budget amendments are completed timely. In addition, budget amendment procedures, which include a public hearing, are now properly documented in County Commission meeting minutes.

6. Sheriff Compensatory Leave

Compensatory leave earned by Sheriff's department employees is not in compliance with the county personnel policies and procedures manual. Because the County Clerk does not maintain centralized records of vacation and sick leave and compensatory time for Sheriff's department employees, the County Commission is unaware of the noncompliance with the county compensatory leave policies.

Sheriff's department employees accrue compensatory leave for any time worked over 40 hours in one week; however, the county personnel policies and procedures manual states the work period for certain Sheriff's department employees is based on 171 hours worked during a 28 consecutive day period. Allowing compensatory leave for law enforcement based on a 40 hours week results in higher Sheriff's department payroll costs.



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While records of vacation and sick leave and compensatory time earned, taken, or accumulated are prepared and maintained by the Sheriff's department, they are not submitted to the County Clerk's office monthly. Without centralized leave records, the County Commission cannot ensure employee compensatory time is properly computed and leave time is properly tracked in compliance with the county policy.

To limit the county's liability for compensatory time to law enforcement officers, the county should complete a thorough review of compensatory time calculations and ensure compliance with the county's established policy. Additionally, to ensure county policy is properly followed, centralized and complete leave records of all county employee vacation and sick leave and compensatory time should be maintained by the County Clerk. Centralized leave records also aid in determining final pay for employees leaving county employment or in the event disputes arise and demonstrate compliance with the Fair Labor Standards Act of 1938.

A similar condition was noted in our prior audit report.

Recommendation

The County Commission ensure compensatory leave is computed for law enforcement officers in compliance with county policy and work with the Sheriff and the County Clerk to maintain centralized leave records for all county employees.

Auditee's Response

The County Commission provided the following response:

We will require the Sheriff's Department forward all leave balances to the County Clerk at the end of this year so the County Clerk can track leave accrual and usage beginning January 1, 2012. We will also require the Sheriff's Department to comply with the adopted county personnel policy with regards to the calculation of compensatory leave.

The Sheriff provided the following response:

We will work with the County Clerk to implement this recommendation by January 1, 2012.

Ozark County

Organization and Statistical Information

Ozark County is a county-organized, third-class county. The county seat is Gainesville.

Ozark 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 51 full-time employees and 11 part-time employees on December 31, 2010.

In addition, county operations include a Health Center and Recycling Center.

Elected Officials

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

Officeholder	2011	2010
David Morrison, Presiding Commissioner	\$	27,080
T.J. Lewis, Associate Commissioner		25,080
Greg Donley, Associate Commissioner		25,080
Becki Strong, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Kellie Maddox, County Clerk (2)		32,750
Lisa Hawkins, County Clerk (2)		4,721
Thomas W. Cline, Prosecuting Attorney		45,000
Raymond Pace, Sheriff		42,000
David Ford, County Treasurer		38,000
Ron Mahan, County Coroner		11,000
Melinda Abraham, Public Administrator		26,250
Billy D. Hambelton, County Collector year ended February 28,	38,000	
Katherine Loftis, County Assessor , year ended August 31,		38,000
Tim Morgan, County Surveyor (3)		N/A

- (1) Compensation is paid by the state.
- (2) Lisa Hawkins was appointed as County Clerk in November 2010 to replace Kelly Maddox who resigned in November 2010. Ms. Hawkins was elected to this position in November 2010.
- (3) Compensation on a fee basis.



Ozark County
Organization and Statistical Information

American Recovery and
Reinvestment Act 2009
(Federal Stimulus)

According to county personnel, the county was awarded the following American Recovery and Reinvestment Act of 2009 (ARRA) funding during the 2 years ended December 31, 2010:

A \$127,850 Bureau of Justice Assistance Recovery Act: Assistance to Rural Law Enforcement to Combat Crime and Drugs Grant was awarded by the Department of Justice for personnel and fringe benefits, travel expenses, and a vehicle and vehicle equipment for a drug task force officer. As of June 2011, the county has received and expended \$96,983. An additional \$30,867 remains to be spent before October 2011. This grant resulted in the creation of one job; however, the Sheriff indicated that without additional grant funding this position may be eliminated.