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Missouri State Auditor

Monroe County

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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Monroe County

Property Tax System Controls and Procedures	As noted in our five prior audit reports, controls and procedures over the property tax system need improvement to ensure property tax monies are accounted for properly. Neither the County Commission nor the County Clerk adequately reviews property tax additions and abatements or the property tax collection activities of the County Collector. State law assigns the County Clerk the duty to make tax book corrections and to extend the current and back tax books and charge the County Collector with the amount of taxes to be collected. Instead, the County Assessor enters additions and abatements, and the County Collector prepares the current and back tax books. The County Clerk does not document any review of the tax rates entered and does not reconcile her account book with the County Collector's settlements.
Fuel Use	The county lacks adequate procedures for monitoring the use of its bulk fuel tanks.
Computer Controls	Controls over the county computer systems need to be improved to prevent unauthorized access and restore key systems in the event of a disaster. Passwords should be changed periodically, user identifications should be required to log on to computers, backups should be tested regularly, and the County Recorder and Sheriff should store backups at off-site locations.
Closed Meetings	The County Commission failed to comply with the Sunshine Law. It did not maintain minutes of several closed sessions or document the reasons for entering into three closed sessions on April 9, 2010.
Payroll Controls and Procedures	Personnel policies are not followed. The road and bridge department used sick leave time to calculate employees' compensatory (overtime) balances and allowed employees to accumulate balances in excess of the Fair Labor Standards Act limit. In addition, employees are allowed to use unearned sick leave and carry forward unused vacation time from the prior year which is not in compliance with the county leave policies. Although state law requires a meeting each odd-numbered year, the Monroe County Salary Commission has not met since 2005, and the salary schedule established may no longer comply with state law.
Public Administrator's Controls and Procedures	As noted in our prior audit, the Public Administrator did not file complete, accurate, and timely annual settlements, and the Probate Court did not adequately monitor her activities. The Public Administrator could not explain the amounts charged estates, and we found three wards were overcharged a total of \$598 and one ward was undercharged \$185. Estate fees were not consistently paid because the estates did not have enough funds and the amounts not paid were not tracked.
Senate Bill 40 Board	The Senate Bill 40 Board lacked adequate documentation for 90 percent of its disbursements of Targeted Case Management funds. As noted in our prior audit report, the board failed to file formal budgets with the State Auditor's office, its budgets did not meet legal requirements, and financial statements were not published.

Prosecuting Attorney's Controls and Procedures	As noted in our prior audit reports, the Prosecuting Attorney's office needs to improve its accounting controls and procedures. Accounting duties are not adequately segregated, receipt slips are not issued for monies received, money orders are not restrictively endorsed immediately, and monies are not always properly recorded on the receipt logs. We identified \$658 in restitution receipts which had not been recorded on the log. Monthly bank reconciliations are not performed, and the account contains a fluctuating amount of unidentified monies. Five checks totaling \$475 have been outstanding for more than a year, and restitution receipts are not always deposited and disbursed in a timely manner.
Sheriff's Controls and Procedures	Accounting duties are not adequately segregated, receipt slips are not issued for civil fees collected, and the log does not reflect the method of payment (cash, check or money order). Fuel purchases are not adequately recorded and monitored. The Sheriff's department deposited concealed weapon permit fees in the Sheriff's Civil Fees Fund, but state law requires the fees be deposited into a Sheriff Revolving Fund and restricts how they can be spent.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.* However, the audit revealed serious shortcomings with the Property Tax System Controls and Procedures.

American Recovery and Reinvestment Act 2009 (Federal Stimulus)	<p>A \$10,000 Recovery Act: Edward Byrne Memorial Justice Assistance Grant was received and spent by the Sheriff's department to purchase emergency lighting equipment for seven patrol vehicles.</p> <p>The Monroe County Senate Bill 40 Board received a \$12,336 Medicaid Federal Medical Assistance Percentage grant.</p>
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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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Monroe County Table of Contents

State Auditor's Report	2
------------------------	---

Management Advisory Report - State Auditor's Findings	1. Property Tax System Controls and Procedures	4
	2. Fuel Use.....	6
	3. Computer Controls	6
	4. Closed Meetings	8
	5. Payroll Controls and Procedures	9
	6. Public Administrator's Controls and Procedures	12
	7. Senate Bill 40 Board.....	15
	8. Prosecuting Attorney's Controls and Procedures	16
	9. Sheriff's Controls and Procedures	19

Organization and Statistical Information	22
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Missouri State Auditor

To the County Commission
and
Officeholders of Monroe County

We have audited certain operations of Monroe County in fulfillment of our duties under Section 29.230, RSMo. In addition, Devereux and Krauss, LLP, Certified Public Accountants, was engaged to audit the financial statements of Monroe 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, 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 Monroe County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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Monroe County Management Advisory Report State Auditor's Findings

1. Property Tax System Controls and Procedures

As similarly noted in our five prior audit reports, controls and procedures over the property tax system need improvement. As a result of the significant control weaknesses identified, there is less assurance property tax monies have been accounted for properly. The County Collector received and distributed approximately \$6.5 million and \$6.7 million for the years ended February 28, 2011 and 2010, respectively.

1.1 Additions and abatements The County Commission and County Clerk do not perform adequate or timely reviews of property tax additions and abatements, which totaled \$90,548 and \$90,947, respectively, for the year ended February 28, 2011. The Assessor prepares court orders for additions and abatements, enters them into the tax system, and gives the court orders to the County Commission at the end of the County Collector's fiscal year. The court orders are not signed by the County Commission and changes are made to the property tax system throughout the year without approval of the County Commission. In addition, the County Clerk does not reconcile the court orders for additions and abatements to actual changes made to the property tax system. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly monitored and errors or irregularities could go undetected.

Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. If it is not feasible for the County Clerk to make corrections to the tax books, periodic reviews and timely approvals of court orders, along with an independent reconciliation of approved additions and abatements to corrections made to the property tax system, would help ensure changes are proper.

1.2 Review of property taxes Neither the County Commission nor the County Clerk adequately reviews the activities of the County Collector. The County Clerk does not prepare or verify the accuracy of the current or back tax books for real and personal property. The County Collector enters the tax rates, which are obtained from the County Clerk, and extends and prints the current tax books. The County Collector also prepares the back tax books. The County Clerk indicated she reviews tax rates after entry by the County Collector, but does not maintain documentation of her reviews. Although the County Clerk maintains an account book based on data provided by the County Collector, she does not enter additions and abatements and therefore cannot adequately reconcile with the County Collector's monthly and annual settlements. In addition, the County Commission does not document its review of the County Collector's annual settlements.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and back tax books and charge the County Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to



Monroe County
Management Advisory Report - State Auditor's Findings

prepare the tax books, at a minimum, she should verify the accuracy of the tax books and document approval of the tax book amounts to be charged to the County Collector. Additionally, the County Commission and the County Clerk should perform a thorough review of the County Collector's settlements. Failure to do so could result in errors or irregularities going undetected.

Recommendations

- 1.1 The County Commission and Assessor ensure all changes made to the property tax system are supported by court orders approved by the County Commission. In addition, the County Clerk should develop procedures to adequately monitor court orders to ensure only authorized additions and abatements are posted to the property tax system.
- 1.2 The County Clerk prepare the current and back tax books or, at a minimum, verify the accuracy of the tax books prior to charging the County Collector with property tax amounts to be collected. Additionally, the County Commission and County Clerk should perform a thorough review of the County Collector's monthly and annual settlements.

Auditee's Response

The County Commission provided the following written responses:

- 1.1 *The Commission has always completed a yearly review in the past. However, the more timely review has already started. The Commission reviews each court order weekly and it is signed by the Presiding Commissioner.*
- 1.2 *The Commission has always reviewed the Collector's settlements, however, we will document such review in the future.*

The County Clerk provided the following written responses:

- 1.1 *This procedure has been started. The Collector sends to me by monthly e-mail, her spreadsheet of court orders add on and court order off. The Assessor gives me a copy of each add on and court order off. They are given to the Commission and signed by the Presiding Commissioner. I then check off each one to see that the amounts are correct and mark each one with an asterisk. I then sign and date each one.*
- 1.2 *I believe I perform all of the duties as best as I can with the Collector. I do not enter the tax rates for her, but would be more than willing to do so if she approved. I do verify the accuracy of the tax books, however have not documented that verification but will*



Monroe County
Management Advisory Report - State Auditor's Findings

do so in the future. I review the County Collector's monthly and annual settlements and sign those documents.

2. Fuel Use

The county has not established effective monitoring procedures regarding fuel use. The road and bridge department maintains three bulk fuel tanks at the road and bridge building and another bulk fuel tank at an employee's residence. The bulk fuel tanks at the road and bridge building are metered, but the gallons dispensed are not recorded. Fuel logs are maintained in the vehicles and equipment; however, gallons used per the fuel logs are not reconciled to gallons dispensed per the meters on the tanks or to fuel purchases. Per the budget, approximately \$190,000 was spent on fuel during the 2 years ended December 31, 2010, for road and bridge department vehicles and other equipment. Failure to account for fuel use could result in loss, theft, or misuse going undetected.

To ensure the reasonableness and propriety of fuel use and disbursements, gallons used per the fuel logs should be reconciled to gallons dispensed per the meter on the tank, and gallons dispensed should also be reconciled to gallons purchased.

Recommendation

The County Commission ensure road and bridge department employees reconcile the gallons dispensed per the fuel logs to gallons dispensed per the meter readings, and also reconcile gallons dispensed to gallons purchased.

Auditee's Response

The County Commission provided the following written response:

Our meters are not certified, therefore even if we reconciled, it would not come out correct with delivery trucks which are certified by the state. Tanks are always locked and electric is shut off when no one is there. Total amount of gallons run consistently over past years except for when there is a flood or extreme winter blizzards. Theft would be apparent because of the location. The tanks are adjacent to the courthouse and it would be very visible if someone stole fuel.

3. Computer Controls

Controls over the county computer systems are not sufficient to prevent unauthorized access or to restore key systems in the event of a disaster or systems failure.

3.1 User IDs and passwords

Passwords for most county computer systems are not changed on a periodic basis to ensure confidentiality. In addition, user identifications are not required to log on to computers in the Prosecuting Attorney's office and personnel in the Assessor's office share passwords.

The lack of an effective system of user identifications and passwords may allow unauthorized access and/or changes to the system. To control access, a unique user identification and password should be assigned to each user of



Monroe County
Management Advisory Report - State Auditor's Findings

a system. These passwords should be kept confidential and changed periodically to help limit unauthorized access to computer files.

3.2 Backup data

Data backup procedures are not adequate. While backups are prepared by all county officials utilizing computer systems, the County Recorder and Sheriff do not store backups at off-site locations. Additionally, the Sheriff does not test backups.

Failure to store computer backup data at a secure off-site location results in the backup data being susceptible to the same damage as the data on the computer. In addition, periodic testing of backup data is necessary to help prevent loss of information and ensure all essential county information and computer systems can be recovered following a disaster or computer failure. Preparation of backup data, periodic testing to ensure it is adequate, and off-site storage would provide increased assurance county data could be recreated if necessary.

Recommendations

The County Commission:

- 3.1 Work with county officials to require user identifications and passwords for all employees which are confidential and periodically changed to prevent unauthorized access to county computers and data.
- 3.2 Work with county officials to ensure backup data is stored in a secure off-site location and tested on a regular, predefined basis.

Auditee's Response

The County Commission provided the following written response:

The County Commission does not have access to other elected officials' computer systems and feels it is the responsibility of each duly elected official to manage their office and the ID and password policy to be implemented. However, the Commission will suggest the county officials implement these recommendations.

The Prosecuting Attorney provided the following response:

- 3.1 *User identifications and passwords were implemented after discussion with the auditors.*

The Assessor provided the following written response:

- 3.1 *All records of assessment are public records. All computers have the same information allowing everyone to work in different fields at the same time.*



Monroe County
Management Advisory Report - State Auditor's Findings

The Recorder provided the following response:

3.2 *I will take the back-up discs to the bank once or twice a week.*

The Sheriff provided the following response:

3.2 *I will check into this.*

4. Closed Meetings

The county failed to maintain minutes of several closed meetings held by the County Commission and failed to document the reasons for entering into three closed sessions held on April 9, 2010. Closed meeting minutes were not prepared to document the matters discussed in closed meetings held April 17, 2009, and April 27, 2009. Although closed meeting minutes were not prepared to document the matters discussed during two closed sessions held on April 5, 2010, and three closed sessions held on April 9, 2010, action taken was documented in the body of the open meeting minutes. The County Commissioners indicated it is difficult to document the closed meetings, because the County Clerk is not present during the meetings and they do not have anyone recording the discussions as they speak.

The Sunshine Law, Chapter 610, RSMo, requires minutes be kept for all closed meetings. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions.

Recommendation

The County Commission ensure minutes are prepared and retained to support all closed meetings.

Auditee's Response

The County Commission provided the following written response:

The Commission discussed with the Clerk, and all have agreed that from now forward whenever the Commission goes into closed session, we will call her into our chambers and she will take minutes. The action taken during closed session on April 5th and 9th 2010 was documented into open meeting minutes after 72 hours.

The County Clerk provided the following written response:

I agree that I do not monitor the County Commission's meetings as I should, the reason being I am a working county clerk and only have a staff of two other people. When I lost one of my full time employees, I chose to try to save county money and hired my part time person to work full time, therefore I lost a part time person of three days per week. With that said I took up the slack and I do well to get everything done that needs to be done in my office. The Commissioners and I have discussed this and in the future they agree they will call me into their chambers when they go into closed



Monroe County
Management Advisory Report - State Auditor's Findings

session. Also, I would like to address that the action taken in the closed sessions held on April 5 and April 9, 2010 was documented into the open meeting minutes after 72 hours. I know this was not documented correctly, but it was documented. I might add that I send the Commission minutes to two newspapers in Monroe County and one newspaper out of the county as well as to the radio station.

5. Payroll Controls and Procedures

Payroll controls and procedures need improvement. Although there is an established written personnel manual, not all policies are followed. In addition, the salary schedule established for elected officials in 2005 does not appear to comply with state law.

5.1 Compensatory time

Compensatory (overtime) balances are allowed to accumulate in excess of the maximum allowed under the Fair Labor Standards Act of 1938 (FLSA). We identified two road and bridge department employees who were allowed to accumulate compensatory time in excess of the 240 hour maximum allowed. In addition, compensatory time related to the road and bridge department is not always earned and paid in accordance with the county's personnel policy. The road and bridge supervisor uses nonworking time (sick leave) to calculate the amount of compensatory time earned by employees. As a result of using nonworking time in the calculations of compensatory time earned, the county may be paying more compensatory time to employees than required.

The county personnel policy indicates overtime will be determined based upon "hours actually worked on the county's behalf", which complies with the FLSA. The FLSA also states covered employees may accumulate a maximum of 240 hours (480 for law enforcement personnel) of compensatory time. Hours in excess of this maximum are to be paid to or taken off by the employee in the next pay period.

Upon our request, the County Clerk's office prepared totals of accumulated compensatory hours and the potential liability those hours could create for the county. At April 25, 2011, nine road and bridge department employees had accumulated 1,156 hours of compensatory time valued at approximately \$15,707.

Proper controls over the management of compensatory time require the county to ensure compliance with the personnel policy, evaluate balances for reasonableness, review the reasons for large or increasing balances, and provide solutions to prevent improper accruals and excessive balances.

A similar condition was noted in our prior audit report.

5.2 Leave policies and procedures

Sick leave and vacation leave procedures are not in compliance with the established personnel policy. The personnel policy states regular full time



Monroe County Management Advisory Report - State Auditor's Findings

employees shall earn 8 hours of sick leave for each completed calendar month. However, the Deputy County Clerk records the entire leave amount that would be earned for the year, at the beginning of each year. As a result, employees may use and be paid for unearned sick leave. In addition, the personnel policy (Article 10, page 35) indicates normally, vacation leave shall be used in its entirety each calendar year. During our review of the January 2011 payroll records, we noted employees were allowed to bring forward unused vacation leave from the prior year. The County Clerk indicated employees are always allowed to bring forward their vacation leave.

By not requiring full compliance with the county's personnel policy, the County Commission may be putting the county at risk of incurring additional liabilities beyond what is established by the policy. The county should require compliance with established policies, and periodically review policies and practices to ensure consistency.

5.3 Statutory salaries

The Monroe County Salary Commission has not held a meeting since November 21, 2005. During that meeting, the Salary Commission established salaries for officials' terms beginning in 2007, 2009, and 2011. However, some statutory provisions related to officials' salaries have been revised since 2005. For example, Senate Bill 497, which passed in 2007, revised requirements regarding base salaries of the various elected officials. The Salary Commission should have met to consider statutory changes and ensure the salary schedules established and approved in 2005 were in compliance with state law.

Section 50.333, RSMo, states the Salary Commission shall meet at least once before November thirtieth of each odd numbered year. The Salary Commission should meet as soon as possible to review salaries for compliance with current statutes and consult with the Prosecuting Attorney as appropriate.

Recommendations

- 5.1 The County Clerk ensure employees accrue overtime in accordance with the county's personnel policy. In addition, the County Commission should closely monitor county employees' compensatory time to limit potential county liabilities.
- 5.2 The County Clerk ensure vacation and sick leave is accrued and used in accordance with the personnel policy.
- 5.3 The County Commission ensure the Salary Commission meets at least once prior to November 30th of each odd numbered year as required by state law. In addition, the Salary Commission should review the current salary schedule and consult with legal counsel as appropriate to ensure the schedule complies with state law.



Monroe County
Management Advisory Report - State Auditor's Findings

Auditee's Response

The County Commission provided the following written responses:

- 5.1&
5.2 *The practice of using nonworking hours has been changed and the Commission will monitor this closer in the future.*
- 5.3 *The Salary Commission is comprised of all elected officials excluding the Circuit Clerk, who actually calls the meeting to order. The Commission does not feel it is their sole responsibility to ensure the Salary Commission meet. The letter has been drafted that the Salary Commission will meet in October, 2011. We did not feel it was necessary to meet in 2007 and 2009 because the salaries had been set by the salary commission in 2005.*

The County Clerk provided the following written responses:

- 5.1 *Overtime in the courthouse has always been in accordance with the County's personnel policy. Employees must actually work 40 hours before any overtime accrues. However, in the past, road and bridge was done differently due to the fact that they sometimes had to work 7 days a week in bad weather and I agree that the personnel policy was not followed correctly. The Commission explained to the road and bridge supervisor and the road and bridge employees about correcting this issue and going forward it will be corrected. Also, the payroll manager will monitor the compensatory time the first of every year and those employees having over 240 hours will be paid for hours over 240. This has already been implemented and done since the auditors were here.*
- 5.2 *Due to the fact of work overload, many employees are unable to use all of their vacation time during the year and have always been allowed to carry over those days. The County Commission made an addendum to the personnel policy to be effective January 1, 2012 which states: If an employee leaves or retires they will only be paid for vacation time that they accrue in the year they leave employment.*
- Full time employees earn 96 hours of sick leave a year. In the past, those hours have been entered into the computer the first of each year. Our software vendor has changed our payroll program so that we may enter 3.6923 hours per each pay period for the 26 pay periods in the year. This will be implemented January 1, 2012.*
- 5.3 *The Salary Commission will meet in October, 2011 to review salaries for compliance with current statutes.*



6. Public Administrator's Controls and Procedures

Weaknesses involving preparation and review of annual settlements and calculating estate fees were identified. The Public Administrator is the court-appointed personal representative for wards or decedent estates of the Probate Court, and is responsible for the financial activity of eight individuals.

6.1 Annual settlements

The Public Administrator has not filed complete and accurate annual settlements in a timely manner. For each ward, the Public Administrator is required to file an annual settlement with the Probate Court which reflects a detailed list of assets held, as well as financial activity for the year. However, none of the 12 annual settlements due to be filed with the court during the period from July 28, 2009, to March 11, 2011, were filed on time. Two annual settlements were filed 2 weeks late, six were filed between 2 and 4 months late, and one was filed 7 months late. The three remaining settlements with due dates of October 14, 2010, January 13, 2011, and March 11, 2011 were not filed as of July 15, 2011.

In addition, some annual settlements prepared by the Public Administrator's office were not complete or accurate. A liability of \$4,398 relating to a claim against one estate for nursing home services was not reported on the estate's settlement. Also, the total receipts of some settlements filed with the court were incorrect because the total of the receipts column included the total of assets on hand at the beginning of the settlement year. For example, total receipts of \$17,723 as shown on one annual settlement included \$8,465 of beginning assets.

To ensure the financial activity of the estates is accurately reported to the court, all assets, liabilities, receipts, and disbursements should be accurately reflected on the annual settlements.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file with the court an annual settlement for each ward or estate. Timely and accurate settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

A similar condition was noted in our prior audit report.

6.2 Estate fees

The Public Administrator does not provide supporting documentation for fee calculations to the Probate Court and was unable to explain how she arrived at the amounts charged to estates. We recalculated the estate fees on eight of the nine annual settlements filed with the court and noted errors in the amounts charged to four estates. Specifically, three wards were



Monroe County
Management Advisory Report - State Auditor's Findings

overcharged by \$203, \$20, and \$375, while one ward was undercharged by \$185.

In addition, public administrator estate fees approved by the court were not consistently paid to the County Treasurer from the estates because the estates did not have enough money to pay the fee. For example, the Public Administrator submitted a petition for fees of \$945 for one ward which was approved by the court, but only \$300 was paid from the ward's account to the County Treasurer. Fees of \$569 were petitioned and approved by the court for another ward, but only \$300 was paid to the County Treasurer. The established estate fee is 5 percent of income; however, the Public Administrator and Probate Judge indicated the estate fee is only charged to the estate if the wards have enough money in their account to pay the fee. The amounts not paid from the estates were not tracked.

To ensure all fees are properly assessed and transmitted to the county, the Public Administrator should work with the Probate Judge to ensure fees are petitioned from the court for all applicable wards and estates on a timely basis, approved, properly monitored, and paid to the extent possible.

6.3 Court oversight

The Probate Court had not established procedures to adequately monitor the activity of cases assigned to the Public Administrator during our audit period. The former Probate Clerk did not inform the Public Administrator when annual settlements were due or follow up on delinquent settlements. In addition, there was no documentation of the former Probate Clerk's review of the annual settlements and supporting documentation filed with the court. The Probate Judge indicated that if any amounts on the settlements were questioned, additional documentation would be requested from the Public Administrator. The former Probate Clerk retired in January 2011. The Associate Circuit Clerk assumed these additional duties in February 2011, and recently began sending letters to the Public Administrator to remind her of due dates and overdue annual settlements.

Failure to adequately review and monitor the activity of cases assigned to the Public Administrator by the Probate Court increases the risk that errors or misuse of funds could go undetected.

Section 475.280, RSMo, requires the clerk to keep a docket of all conservators and the day upon which their annual settlements are required. In addition, the clerk is required to mail a notice to each conservator at least 30 days before the due date; however, failure to receive the notice does not excuse the conservator from filing the settlements as required by law.

Recommendations

- 6.1 The Public Administrator file complete and accurate annual settlements in a timely manner.



Monroe County
Management Advisory Report - State Auditor's Findings

- 6.2 The Public Administrator ensure estate fees are computed correctly and prepare and maintain written documentation to support fee calculations for all annual settlements submitted to the Probate Court for approval. In addition, the Public Administrator should work with the Probate Court to fully document agreed upon lesser amounts when wards do not have sufficient funds to pay the 5 percent estate fee.
- 6.3 The Associate Circuit Clerk continue recent efforts to mail notices to the Public Administrator and follow up on overdue annual settlements. In addition, the Probate Judge should establish procedures to adequately monitor the activity of all cases assigned to the Public Administrator.

Auditee's Response

The Public Administrator provided the following responses:

- 6.1 *I will try to ensure settlements are filed timely in the future.*
- 6.2 *I will ensure the calculation of fees is documented and is accurate. If funds are not available to pay the entire fee, I will determine the amount the ward can afford and will document it for the judge's review. I can determine the amount paid and not paid by reviewing the ward's file.*

The Probate Judge provided the following written response:

- 6.3 *The Probate Court/Associate Circuit Judge concurs in principle with the findings.*

The court will comply with Section 475.280 RSMo. The Circuit Clerk will continue to send notices to the Public Administrator regarding due dates for annual reports and other accountings, as well as notices of overdue annual settlements. Note that these procedures were not always done through the auditor's review period, as the auditor noted. However, as also noted, consistent notice procedures were initiated prior to the beginning of the actual audit. Consequently, no additional corrective action is needed.

The court reviews and approves all Public Administrator submissions; however, it will increase its scrutiny consistent with these findings and will request additional supporting documentation for expenditures not clearly justified on their face. As a part of its review of annual settlements, the Probate Judge will specifically review all future Public Administrator's submissions to ensure the 5 percent estate fees have been properly calculated based on the



Monroe County
Management Advisory Report - State Auditor's Findings

information provided. Time frame for corrective action: immediately.

7. Senate Bill 40 Board

Controls over Senate Bill 40 Board disbursements and budgetary procedures are in need of improvement. The Senate Bill 40 Board is funded through a property tax levy and a state funded Targeted Case Management program.

7.1 Disbursements

The Senate Bill 40 Board does not have adequate controls over disbursements of Targeted Case Management (TCM) funds. Of the \$6,262 disbursed by the Senate Bill 40 Board during 2009 and 2010 for special requests under the TCM program, only one expenditure for \$564 had adequate supporting documentation in the file. In addition, some checks are written directly to TCM clients without requiring any documentation to verify clients purchased and received goods as intended. For example, \$650 was disbursed by check to a client on December 21, 2010, without supporting documentation for the purchase of an iPad. The Senate Bill 40 Board did not follow up with the client to obtain an invoice and ensure the client purchased and received the intended product. These inadequate monitoring efforts and informal payment methods do not provide adequate assurance TCM funds are used as intended.

To safeguard against possible loss or misuse of funds, the board should review and maintain adequate supporting documentation of all disbursements.

7.2 Budgets

Formal budgets were not filed with the State Auditor's office for 2009, 2010, and 2011. In addition, the budgets approved by the Senate Bill 40 Board did not include TCM funds received and disbursed and did not include other required information including beginning and projected ending cash balances or comparative statements of actual receipts and disbursements for the prior 2 years.

To be of maximum assistance as a planning tool and to adequately inform the public, budgets should include all beginning available resources and actual receipts and disbursements of the prior 2 years. Section 50.590, RSMo, requires budgets to include the amounts for the last 2 completed fiscal years to provide a comparison with the estimates for the current fiscal year, and Section 50.740, RSMo, requires budgets to be submitted to the State Auditor's office.

7.3 Financial statements

The Senate Bill 40 Board did not publish its financial statements for the years ended December 31, 2009 and 2010. Section 50.800, RSMo, provides details regarding the various information required to be provided in the county's annual published financial statements and requires that receipts, disbursements, and beginning and ending balance information be presented for all county funds. Complete published financial statements are needed to



Monroe County
Management Advisory Report - State Auditor's Findings

adequately inform the citizens of the county's financial activities and show compliance with statutory requirements.

Similar conditions
previously reported

Similar conditions to points 7.2 and 7.3 were noted in our prior audit report.

Recommendations

The Senate Bill 40 Board:

- 7.1 Ensure adequate supporting documentation for all disbursements is reviewed and maintained in the files to ensure funds are used as intended.
- 7.2 Ensure accurate and complete budgets are submitted to the State Auditor's office as required by state law.
- 7.3 Publish financial statements annually as required by state law.

Auditee's Response

The Senate Bill 40 Board Administrator provided the following written responses:

- 7.1 *All supporting documentation will be maintained in the files for all disbursements made. This rule is already in effect. We have been given all correspondence in regards to TCM funds the clients have received and for what they purchased with our funding. This procedure started in April 2011.*
- 7.2 *Complete budgets have been prepared and will be sent by mail to the State Auditor's office. As changes are made to the budget, a new copy will be sent to the State Auditor's office. The 2011 budget was mailed to the State Auditor's office on August 16, 2011.*
- 7.3 *The 2010 financial statement was published in the local paper in July 2011 and was mailed to the State Auditor's office on August 16, 2011.*

8. Prosecuting Attorney's Controls and Procedures

As similarly noted in our prior audit reports, weaknesses exist in accounting controls and procedures in the Prosecuting Attorney's office. The Prosecuting Attorney's office collects bad check restitution and related fees and court-ordered restitution. The Prosecuting Attorney only accepts receipts in the form of money orders from individuals and checks from the courts. The Prosecuting Attorney's office collected approximately \$7,780 and \$39,139 during the years ended December 31, 2010 and 2009, respectively.



Monroe County
Management Advisory Report - State Auditor's Findings

8.1 Segregation of duties

Accounting duties are not adequately segregated. One clerk collects monies, records transactions, makes deposits, prepares disbursement checks, and reconciles bank accounts. Although the Prosecuting Attorney signs disbursement checks, she does not review the accounting records. As a result, there is little assurance all transactions are accounted for properly and accounting records are complete and accurate.

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, at a minimum, periodic independent or supervisory reviews of accounting records should be performed and documented by the Prosecuting Attorney.

8.2 Receipting procedures

The Prosecuting Attorney's office does not issue receipt slips for monies received, and receipts are not always properly recorded on the bad check and restitution receipt logs. We identified six restitution receipts totaling \$658 which were not recorded on the restitution receipt log during the period from June 1, 2010, through March 14, 2011. In addition, the Prosecuting Attorney's office does not restrictively endorse money orders received for fees payable to the county treasury.

The lack of proper receipting and recordkeeping procedures reduces assurance that all monies are properly handled. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipt slips should be issued for all monies received, receipts payable to the county treasury should be restrictively endorsed immediately upon receipt, and receipts should be recorded timely.

8.3 Bank reconciliations

Monthly bank reconciliations are not documented and unidentified amounts have accumulated in the bank account. In addition, the Prosecuting Attorney does not routinely follow up on outstanding checks. As of March 31, 2011, the bank account had five checks totaling \$475 outstanding for more than a year. Although a running balance is maintained in the checkbook register, formal bank reconciliations are not performed. Upon our request, the Prosecuting Attorney prepared bank reconciliations for the months of December 2010 and December 2009. Office personnel indicated all restitution monies are disbursed to victims upon receipt and the bank account should zero out at month end, with the exception of the unidentified monies inherited from the former Prosecuting Attorney. The unidentified balance in the bank account has fluctuated over time and was \$1,684 as of December 31, 2010. Our prior audit noted an unidentified balance of \$1,640 at December 31, 2005.

The preparation of monthly bank reconciliations is necessary to ensure the accounting records are in balance and to identify errors in a timely manner. Follow up on outstanding checks is necessary to ensure monies are



Monroe County
Management Advisory Report - State Auditor's Findings

appropriately disbursed to the payee or as otherwise provided by state law. Unidentified and unclaimed monies should be disposed of in accordance with state law.

8.4 Deposits

Restitution receipts are not always deposited and disbursed in a timely manner. Restitution monies collected from November 19 through December 21, 2010, totaling \$325, were not deposited until December 28, 2010, and restitution monies collected from December 29, 2010, through February 7, 2011, totaling \$836, were not deposited until February 11, 2011. These monies were not disbursed to the victims until February 14, 2011.

In addition, restitution monies are sometimes disbursed prior to deposit of the corresponding receipts. For example, the Prosecuting Attorney issued checks totaling \$100 to victims on July 6, 2010, and \$61 on October 19, 2010. The deposits of the corresponding receipts were not made until July 7, 2010 and October 21, 2010.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits and disbursements should be made timely and monies should not be disbursed prior to deposit.

Recommendations

The Prosecuting Attorney:

- 8.1 Adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.
- 8.2 Ensure all monies are properly recorded on the receipt logs or official pre-numbered receipt slips are issued for all monies received. In addition, the Prosecuting Attorney should restrictively endorse all receipts payable to the county treasury immediately upon receipt.
- 8.3 Prepare formal bank reconciliations monthly to ensure the bank account zeroes out, and investigate and resolve any differences between the accounting records and bank reconciliations. In addition, the Prosecuting Attorney should follow up on outstanding checks. Old outstanding checks should be voided and reissued to payees who can be readily located. Unidentified and unclaimed monies should be disposed in accordance with state law.
- 8.4 Deposit receipts and subsequently disburse monies on a timely basis. The Prosecuting Attorney should ensure all monies are deposited prior to disbursement.



Auditee's Response

The current Prosecuting Attorney provided the following written responses:

- 8.1 *We are currently segregating accounting duties to two separate office personnel within the scope of limited personnel we have available to us.*
- 8.2 *We have ensured all monies are properly recorded on our receipt log and numbered receipts have been given or mailed to the proper person(s) or entity. Restrictive endorsements will be made on all money orders received for the Treasurer. Receipt slips obtained from the County Treasurer have been collected at time of issuance.*
- 8.3 *Formal bank reconciliations are now being completed and reviewed by the Prosecuting Attorney. We are also currently investigating our bank reconciliation and accounting records to determine the sources of unidentified amounts. A large percentage of those monies accumulated more than 4 years ago during previous administrations and will take a number of hours to reconcile.*
- 8.4 *Restitution deposits and disbursements will occur as soon as feasibly possible. Monies are now deposited prior to disbursement.*

9. Sheriff's Controls and Procedures

Accounting controls and procedures are in need of improvement. The Sheriff's department receives monies for civil and criminal fees, prisoner boarding fees, carry and conceal permits, jail phone commissions, bonds, and other miscellaneous receipts. The Sheriff's department collected approximately \$40,000 and \$55,700 during the years ended December 31, 2010 and 2009, respectively.

9.1 Segregation of duties

Accounting duties are not adequately segregated. The Sheriff's secretary collects monies, records transactions, makes deposits, prepares and signs disbursement checks, reconciles bank accounts, and maintains accounts receivable records. The Sheriff does not review or approve disbursements, co-sign checks, or review bank reconciliations.

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, at a minimum, periodic independent or supervisory reviews of accounting records should be performed and documented by another employee or the Sheriff.

9.2 Receipting procedures

The civil fees log did not indicate the method of payment (cash, check, or money order) and receipt slips were not issued for these fees. In addition, deposit slips do not accurately reflect the composition of monies. As a result, the composition of receipts cannot be reconciled to the composition of deposits.



Monroe County
Management Advisory Report - State Auditor's Findings

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, official pre-numbered receipt slips should be issued immediately upon receipt, the method of payment should be documented on receipt slips, the composition of receipts should be reconciled to the composition of deposits, and all monies received should be deposited intact.

A similar condition was noted in our prior audit report.

9.3 Fuel purchases and monitoring

Records and monitoring of unleaded fuel purchases are not adequate. The Sheriff and six deputies are assigned county-owned vehicles while conducting official duties and each vehicle has a fuel card for a local gas station. Although fuel logs maintained by the 911 dispatchers indicate the date, officer, location, gallons, and mileage, the logs are not complete because some fuel purchases are not reported by the officers. For example, our review of three fuel cards used during November 2010 identified 289 gallons were invoiced to the Sheriff's department while only 250 gallons were recorded on the fuel logs. The Sheriff indicated that he only reconciles a few monthly invoices to the fuel logs each year and he does not investigate small differences since officers sometimes forget to call fuel into the dispatchers. Additionally, the Sheriff does not document his review.

Review of vehicle mileage and fuel use logs and comparison of log information to fuel purchases are necessary to prevent paying vendors for improper billing amounts and to decrease the risk of theft or misuse of fuel occurring without detection. Logs should provide sufficient details so the county can effectively monitor fuel costs.

9.4 Sheriff Revolving Fund

The Sheriff Revolving Fund was not established or budgeted as required by state law, and the fees collected for processing concealed weapon permit applications or renewals are recorded in the Sheriff's Civil Fees Fund held by the county treasury.

Because the concealed weapon permit fees are not separately identified from the civil fees, the monies may not be spent in accordance with state law. The Sheriff Revolving Fund may only be used by law enforcement agencies for the purchase of equipment, to provide training, and to make necessary expenditures to process applications for concealed weapon permit applications or renewals, where as the Sheriff's Civil Fees Fund (up to \$50,000 per year) may be expended at the discretion of the Sheriff for the furtherance of the Sheriff's duties.

Section 571.101, RSMo, authorizes the Sheriff to charge non-refundable fees for processing a first time application and a renewal for a concealed weapon permit which shall be paid to the county treasury to the credit of the Sheriff Revolving Fund. By establishing the Sheriff Revolving Fund which is maintained by the county treasury and preparing a budget for the fund, the



Monroe County
Management Advisory Report - State Auditor's Findings

County Commission and Sheriff will be able to more effectively monitor overall financial resources, make budgetary decisions, and ensure funds are spent in accordance with state law.

Recommendations

- 9.1 The Sheriff adequately segregate accounting duties to the extent possible or ensure independent or supervisory reviews of accounting records are performed and documented. In addition, disbursement checks prepared and signed by the secretary should be co-signed by the Sheriff.
- 9.2 The Sheriff issue official pre-numbered receipt slips for all monies received, accurately record the method of payment on each receipt slip, and reconcile the composition of receipts to the composition of deposits.
- 9.3 The Sheriff ensure all fuel obtained is properly recorded on the fuel logs and review the fuel logs for reasonableness. In addition, fuel use should be reconciled to fuel purchases, and any significant discrepancies should be investigated.
- 9.4 The County Commission and the Treasurer establish the Sheriff Revolving Fund as required by state law and ensure the appropriate fees are remitted to the county treasury from the Sheriff on a monthly basis. In addition, a budget should be prepared for this fund.

Auditee's Response

The Sheriff provided the following responses:

- 9.1 *I have started reviewing bank reconciliations, signing checks when I'm available, and signing purchase orders.*
- 9.2 *This recommendation was implemented in June 2011.*
- 9.3 *We have changed our procedures to require odometer readings to be entered at the pump at the time of purchase. The vendor prepares detailed invoices with odometer readings for each card (vehicle). I review these invoices for reasonableness each month.*

The County Commission provided the following written response:

- 9.4 *The County Commission and the Treasurer will set up a revolving fund in January 2012 with a new B1 form for budget year 2012.*

Monroe County

Organization and Statistical Information

Monroe County is a county-organized, third-class county. The county seat is Paris.

Monroe 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 41 full-time employees and 10 part-time employees on December 31, 2010.

In addition, county operations include a Senate Bill 40 Board. The Enhanced 911 Board was dissolved effective December 1, 2006, and all emergency 911 operations run through the county's General Revenue Fund.

Elected Officials

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

Officeholder	2011	2010
Donald Simpson, Presiding Commissioner	\$	26,000
Mike Whelan, Associate Commissioner		24,000
Glenn E. Turner, Associate Commissioner		24,000
Merry Sue Meals, Recorder of Deeds		33,750
Sandra Francis, County Clerk		36,000
Nicole Volkert, Prosecuting Attorney		43,000
David Hoffman, Sheriff		41,000
Martha Cullifer, County Treasurer		33,250
James K. Reinhard, County Coroner		10,500
Marguerite Jones, Public Administrator (1)		20,888
Anita Dunkle, County Collector, year ended February 28,	36,000	
Judy Harman, County Assessor , year ended August 31,		37,000

(1) Includes \$888 of compensation from a probate case for additional duties.



Monroe County
Organization and Statistical Information

American Recovery and
Reinvestment Act of 2009
(Federal Stimulus)

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

A Recovery Act: Edward Byrne Memorial Justice Assistance Grant was awarded by the U.S. Department of Justice to the Missouri Department of Public Safety and \$10,000 was passed through to Monroe County and spent during the year ended December 31, 2009, to purchase emergency lighting equipment for seven Sheriff's patrol vehicles.

For the years ended December 31, 2010 and 2009, the Monroe County Senate Bill 40 Board received \$12,336 under Title V, Section 5001 of the Recovery Act which provided additional federal funding through the Medicaid Federal Medical Assistance Percentage grant. The grant was awarded by the Missouri Department of Mental Health. The payments were made for Medicaid expenditures reported between October 1, 2008, and December 31, 2010.