



Susan Montee, CPA
Missouri State Auditor

Chariton County



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Office of
Missouri State Auditor
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The following findings were included in our audit report on Chariton County:

As similarly noted in previous reports, the County Commission does not maintain adequate, updated official minutes of its meetings and the county's personnel policy manual is outdated and incomplete. Administrative service fee transfers made by the county from the Special Road and Bridge Fund to the General Revenue Fund have exceeded five percent of actual expenditures by a cumulative total of \$70,858 for the three years ended December 31, 2007.

Approximately \$430 received by the Prosecuting Attorney's office between September 2005 and June 2006 were not deposited and appear to be missing. In addition, receipt slips are not issued for all monies received, the method of payment is not always indicated on the receipt slips, monies are not deposited timely, and the composition of receipt slips issued is not reconciled to the composition of monies received and deposited or transmitted. Also, a summary listing of all restitution cases referred to the Prosecuting Attorney for collection has not been established.

Neither the Sheriff nor the County Commission has formally analyzed methods for providing prisoner meals and purchases of food supplies have not been bid since 2004. Because of the county's fixed costs associated with meal preparation, increasing food supply costs, and the declining average number of prisoners held at the county jail each day, the county calculated the average cost to provide meals to each prisoner has increased from approximately \$9.50 per day in 2004 to about \$24 per day in 2007.

Open items listings are not prepared for the inmate checking account and controls over the snack and soda monies and inventory are not adequate. Also, the Sheriff has not established procedures to follow up on old outstanding checks and reimbursement has not been requested for some costs associated with extraditions of prisoners, resulting in potential lost revenue for the county.

The cash balance of the Emergency 911 Fund appears to be excessive and there is no documented long-term plan for the monies. Annual budgets do not include some information required by state law. Also, a time sheet is not prepared by the Emergency 911 director and prior to February 2008, overtime for Emergency 911 employees was not calculated in accordance with federal law.

Contracts between the Senate Bill 40 Board and the local sheltered workshop do not address the ownership of assets purchased with board funding and the assets are not numbered, tagged, or otherwise identified as board property.

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YELLOW SHEET

CHARITON COUNTY

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Chariton County

We have audited certain operations of Chariton County in fulfillment of our responsibilities under Section 29.230, RSMo. In addition, McBride, Lock, & Associates, Certified Public Accountants, have been engaged to audit the financial statements of Chariton County for the two years ended December 31, 2007. The scope of our audit included, but was not necessarily limited to, the two years ended December 31, 2007. The objectives of our audit were to:

1. Determine if the county has adequate internal controls over significant management and financial functions.
2. Determine if the county has complied with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain revenues and expenditures.
4. Determine the extent to which recommendations included in our prior audit report were implemented.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We 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. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

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 History, 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.

The accompanying Management Advisory Report presents our findings arising from our audit of Chariton County.



Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Heather R. Stiles, CPA
Audit Staff:	Cara Hoff
	Jennifer Carter
	Ashley Lee

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CHARITON COUNTY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. County Commission Minutes

As discussed in previous audit reports, the County Commission does not maintain adequate, updated official minutes of its meetings. Unofficial notes from the meetings are maintained by one of the commissioners on a computer. These unofficial notes did not always include sufficient detail of discussions and items such as bid solicitations. As of March 2008, the County Clerk had not typed the minutes into the official record book or submitted them to the County Commission for approval since the previous March. As a result, there is less assurance these notes represent a correct record of matters discussed and actions taken.

Section 610.023(2), RSMo, states that each public governmental body shall make that body's public records available for inspection and copying by the public. By not maintaining an updated official minutes book, the only record of commission meetings available to the public is the unofficial notes. In addition, Section 51.120, RSMo, requires the County Clerk to maintain an accurate record of orders, rulings, and proceedings of the County Commission. A current, accurate record of commission proceedings would help the county demonstrate compliance with statutory provisions related to issues such as budget approval, the Sunshine Law, bidding, and purchasing decisions and would also serve as a reference source should questions arise from the public, employees, contractors, etc. In addition, timely approval adds assurance to the authenticity of official minutes and allows a review of the contents to ensure the minutes include all important information regarding the meetings held.

WE RECOMMEND the County Commission ensure a formal and complete record of commission meetings is made and approved on a timely basis.

AUDITEE'S RESPONSE

The County Commission indicated it agrees with the recommendation and will implement it. The County Clerk indicated she has already set up a standard format on her computer, which has made entering the official minutes easier and allowed her to be more timely with producing the official minutes.

2. County Personnel Policies

As similarly reported in our prior audits, the county's personnel policies manual has not been updated since 1989. Policy changes, such as mileage reimbursement rates and county meal allowances are apparently communicated to the various county offices verbally. Additionally, the county does not have formal policies regarding personal use

of county phones or monthly allowance payments to some officials and employees for use of their personal cellular phones for county business. Although the County Commission indicated in the prior report that it would begin updating the personnel policy manual, this has not been completed.

An updated comprehensive personnel policy manual which summarizes policies can benefit both county officials and employees by providing a basic understanding between the parties regarding rights and responsibilities. In addition, an updated personnel policy manual can help ensure that county policies are fairly and consistently applied to all county employees.

WE AGAIN RECOMMEND the County Commission establish and formally adopt a current personnel policies manual, and ensure it is updated periodically to reflect new or changed policies. The manual should address issues such as the use of county phones and personal cellular phones for county business.

AUDITEE'S RESPONSE

The County Commission indicated it agrees with the recommendation and will work on updating the personnel manual.

3. Special Road and Bridge Fund Administrative Transfers

Administrative service fee transfers from the Special Road and Bridge Fund (SRBF) to the General Revenue Fund (GRF) were excessive. During the three years ended December 31, 2007, the county budgeted and made administrative service fee transfers of \$66,000 each year from the SRBF to the GRF. The county has similarly budgeted \$66,000 for the transfer in 2008. The county does not have documentation to support how the administrative service fee transfers were calculated.

Section 50.515, RSMo, allows the county to impose an administrative service fee on the SRBF. The administrative service fee shall be imposed only to generate reimbursement sufficient to recoup actual disbursements made from the GRF for related administrative services to the SRBF, and shall not exceed five percent of the SRBF budget.

Although administrative service fee transfers were less than five percent of SRBF budgeted disbursements, the transfers exceeded five percent of actual disbursements for the years ended December 31, 2007, 2006, and 2005 by a total of \$70,858. This situation was partially due to budgeted activity exceeding actual disbursements as a result of some planned projects not being completed and the inability to replace some personnel.

WE RECOMMEND the County Commission base administrative transfers on actual or reasonable budgeted disbursements of the Special Road and Bridge Fund and retain documentation of the transfer calculations. In addition, the County Commission should

consider transferring \$70,858 from the General Revenue Fund to the Special Road and Bridge Fund for repayment of prior excessive transfers.

AUDITEE'S RESPONSE

The County Commission indicated it agrees and will base the administrative transfer on reasonable budget estimates and will also review the planned transfer near the end of the year to ensure the transfer does not exceed the amount allowable. In addition, the County Commission indicated it will transfer the accumulated excess balance of \$70,858 back to the Special Road and Bridge Fund.

4. Prosecuting Attorney's Controls and Procedures
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Problems with receipting procedures were noted under both the current and former Prosecuting Attorneys and some monies received were not accounted for properly. The Prosecuting Attorney's office has collected all court-ordered restitution, with the exception of juvenile cases, since February 2005. Court ordered restitution collected by the Prosecuting Attorney's office for the period of February 1, 2005 to December 31, 2007, totaled approximately \$70,000. In addition, the Prosecuting Attorney's office collects bad check restitution and bad check collection fees. The current Prosecuting Attorney took office in January 2007.

A. Some monies received for court-ordered restitution were not deposited and appear to be missing. Since the Prosecuting Attorney's office began collecting restitution in February 2005, receipt and payout activity, as well as the balance still due, have been tracked on manual restitution payment sheets for each defendant. The current Prosecuting Attorney implemented a computerized accounting system to track this activity and reconcile to the bank account balance. To set up the computerized system, the current Prosecuting Attorney entered all payments received from the validated bank deposit slips as well as all disbursements made to victims based on checks written. The Prosecuting Attorney also compared this information to receipt slips issued and activity posted on the manual restitution payment sheets.

In the process of entering this activity into the computerized system, the Prosecuting Attorney identified four cash transactions received between September 2005 and June 2006, totaling \$430, for which money appears to have been received but never deposited. We vouched the information entered by the Prosecuting Attorney and in all four instances noted, a receipt slip was issued by the former secretary for the restitution payment received, the collection was noted on the individual manual restitution payment sheet for each case, and a check was written from the restitution account for payment to the victim, but the monies were never actually included in a deposit that cleared the bank account. As a result, the bank account is short by at least this amount. Additionally, one of

these payments was included on an original deposit slip that was prepared but never cleared the bank.

B. The following concerns were noted regarding the office's receipting procedures:

1) Receipt slips are not issued for all monies received and the method of payment is not always indicated. Cash, checks, and money orders received for restitution payments are deposited into the Prosecuting Attorney's restitution account for later disbursement. Money orders received for payment of bad checks and bad check collection fees are turned directly over to the merchant or the county treasurer, respectively.

- The prior Prosecuting Attorney's staff did not issue receipt slips for all restitution payments received and some receipt slips did not indicate the method of payment. We noted a number of payments included in deposits and posted to individual restitution payment sheets for which no receipt slips had been written.
- While the current Prosecuting Attorney's staff does issue receipt slips for court-ordered restitution payments, receipt slips are not issued for money orders received for payment of bad checks and related fees. Bad check activity is entered onto a manual log to track payments received and subsequent transmittals to the merchant and county treasurer. However, without sequential numbering of bad check complaints or prenumbered receipt slips, there is less assurance all monies received are accounted for properly.

2) Receipts are not always deposited intact or in a timely manner. In addition, the composition of receipt slips issued is not reconciled to the composition of monies received and deposited.

- Under the prior administration, deposits were made only approximately three times per month. In addition, some payments were apparently not deposited for several months, and as noted in part A above, some receipts were never deposited.

We noted receipt slips issued for two cash payments on November 8, 2005, which were included on a deposit slip dated January 31, 2006, and which cleared the bank on July 28, 2006. Additionally, the original copies of some deposit slips did not always match the deposit slip which cleared the bank. For example, the original copy of a deposit slip, which cleared the bank in November 2005, indicated a deposit of \$672; however, the actual validated deposit slip from the bank indicated a deposit of \$563.

- Under the current administration, monies received are not deposited in a timely manner and the composition of receipt slips issued is not reconciled to the composition of monies received and deposited. A cash count performed on March 25, 2008, included monies totaling \$446 that had been received between March 14 and March 19, 2008, and had not yet been deposited. Based on three bank statements reviewed, the office deposits an average of 4 times per month.

To properly account for all monies received, prenumbered receipt slips should be issued for all monies received, the method of payment should be recorded on each receipt slip, the numerical sequence of receipt slips issued should be accounted for, and the composition of receipt slips issued should be reconciled to the composition of bank deposits or transmittals to applicable parties. Additionally, deposits should be made intact on a timely basis.

- C. As noted in our prior audit, overall records of court-ordered restitution are not adequate. A summary listing of all restitution cases referred to the Prosecuting Attorney for collection, and related amounts due, has not been established and used to ensure all cases are accounted for on the computerized and manual case records. The process of collecting court-ordered restitution was shifted from the Sheriff's department to the Prosecuting Attorney's office in February 2005. Individual manual payment sheets are maintained by the Prosecuting Attorney's office for each case which shows the restitution amount ordered, and all receipts and disbursements related to the case. In addition, the current Prosecuting Attorney has established a computerized accounting system to track the activity of cases; however, the system only includes cases for which activity has run through the bank account. Due to the lack of a summary listing of all restitution cases ordered, it is unclear whether the transactions noted in part A above represent all cases where money was received but not deposited.

While the Circuit Clerk's office refers the cases on which restitution is ordered to the Prosecuting Attorney, information regarding the restitution amount ordered is not entered into the court's Justice Information System (JIS) with other criminal costs due from the defendant. The Circuit Clerk indicated this is not done since collecting the restitution is not the responsibility of the court. Because the court does not enter this information into JIS and the Prosecuting Attorney's office does not maintain a summary listing of restitution amounts owed, the Prosecuting Attorney's office cannot be sure manual records and the computerized accounting system include all cases for which restitution was ordered or activity has occurred. Additionally, the county's ability to monitor and follow up on outstanding amounts due is lessened. A complete and accurate listing of court-ordered restitution would allow the Circuit Court and the Prosecuting Attorney to more easily review the amounts due and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible.

WE RECOMMEND the Prosecuting Attorney:

- A. Take the necessary action to recover the missing funds and work with law enforcement officials regarding any criminal investigation.
- B. Issue receipt slips for all monies received, account for the numerical sequence of the receipt slips, indicate the method of payment on the receipt slips, and reconcile the composition of receipt slips issued to the composition of the monies received and deposited or transmitted. In addition, the Prosecuting Attorney should deposit all monies intact on a timely basis.
- C. Work with the Circuit Clerk to establish a summary listing of all restitution amounts ordered to be collected and ensure that the status of cases with restitution balances are monitored and all appropriate actions are taken to pursue any unpaid amounts due.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated:

- A. *She agrees with the recommendation and will pursue legal action if possible and will investigate the possibility of filing a claim with the bonding company to recover these funds.*
- B. *She agrees with the recommendation and has already begun issuing receipt slips for all monies received. She also indicated that deposits are now being made more frequently and she will begin comparing the composition of the receipt slips to the composition of the deposits and transmittals.*
- C. *She agrees and will work with the Circuit Clerk to establish a master listing of all restitution ordered and will monitor to ensure all cases are included on the listing and accounted for in the office's records.*

The prior Prosecuting Attorney provided the following response:

I did not take and have no knowledge about the \$430 that was not deposited into the restitution account. I will cooperate in all investigations or proceedings concerning the recovery of that amount. Certainly, it was the intent of the office to completely account for all restitution. I apologize to the taxpayers of Chariton County for whatever mistakes were made.

5.

Sheriff's Controls and Procedures

The Sheriff's department controls and procedures for prisoner meals, open items listings, and snack and soda inventories are not adequate. Additionally, improvements are needed

over procedures related to outstanding checks and the Sheriff's department has not submitted transport reimbursement requests in a timely manner.

A. Neither the Sheriff's department nor the county has formally analyzed methods for providing prisoner meals to determine the most cost effective method and purchases of food supplies have not been bid since 2004.

- 1) The county has not analyzed whether the current method of providing prisoner meals is the most cost effective. The county provides prisoner meals by purchasing food supplies from a local vendor and having two full-time cooks prepare and serve daily meals at the county jail. During the years ended December 31, 2007 and 2006, the county spent approximately \$20,600 and \$23,000, respectively, on food supplies for the jail. Additionally, the county spent approximately \$36,200 and \$35,300, respectively, on labor costs associated with the preparation of these meals. The average daily number of prisoners held in the county jail has decreased from twenty-one in 2004 to seven in 2007. Because of the county's fixed costs associated with meal preparation and the declining number of prisoners held at the county jail each day, the county calculated the average cost to provide meals to each prisoner has increased from approximately \$9.50 per day in 2004 to about \$24 per day in 2007.

An analysis should be completed by the Sheriff's department and the County Commission to ensure that expenditures for prisoner meals are reasonable and to determine if there are more cost effective alternatives available for providing prisoner meals.

- 2) Neither the Sheriff's department nor the county has solicited bids or periodic quotes for purchases of food supplies for the jail since 2004. At that time, the bid was awarded to the lowest local supplier as the Sheriff indicated that he wanted to purchase food supplies from a local supplier to support local vendors and to keep tax dollars in the county. Section 50.660, RSMo, requires the advertisement for bids for any purchases of \$6,000 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. Various approaches for soliciting bids for food purchases may be appropriate. These approaches could include identifying potential suppliers and soliciting price quotes or obtaining periodic price lists to use to make purchases in the most economical manner. Whichever approach is used, complete documentation of bids should always be retained as evidence of the

Sheriff's established procedures, as well as compliance with statutory requirements.

B. The Sheriff's department receives personal monies from inmates and operates a commissary for prisoners to purchase snacks and soda. Additionally, the Sheriff's department collects monies for the sale of snacks and sodas to employees and visitors. During our review of procedures relating to these monies, we noted the following concerns:

- 1) Open items listings are not prepared for the inmate checking account. Personal monies received from inmates are deposited into the inmate checking account and the activity related to each inmate's money is tracked on an individual inmate money sheet. Although the daily receipt and disbursement activity is reconciled to the individual inmate money sheet, the total of inmate balances from the inmate money sheets is not periodically compared to the inmate checking account balance. At our request, the Sheriff's department prepared an open items listing as of March 31, 2008, and attempted to agree the listing to the reconciled bank balance. This comparison revealed an excess balance of approximately \$222 in the bank account.

Accurate open items listings prepared on a regular basis and reconciled to cash balances are necessary to properly document all known liabilities and to detect and correct errors timely. Reconciling the cash balances to an open items listing is necessary to ensure underlying records are in balance and that sufficient cash is available to pay all liabilities. The Sheriff's department should investigate any differences noted in these reconciliations and take appropriate action.

- 2) Snack and soda inventories are purchased with county General Revenue Fund monies to operate the commissary and for snacks and soda purchases for Sheriff's department employees and visitors. Monies received from the sales to employees and visitors are not properly controlled or accounted for and are simply placed in cans in the booking area. Also, a periodic comparison of county purchases to total sales (comprised of sales to inmates, visitors, and other county employees) is not completed accurately as additions to the inventory record are recorded at the purchase cost to the county while the ending balance is based on the sales value of the physical number of units remaining in inventory. Failure to use a consistent basis of measurement makes determining expected sales difficult. As of December 31, 2007, the Sheriff's department noted a shortage of \$1,071 in soda funds when comparing the amount collected with the expected revenues based on the supplies used. This shortage could be caused by individuals not paying for purchases, poor accounting records, and theft or misuse of funds because monies are not maintained in a secure location.

To establish accountability and adequately protect monies from loss, theft, or misuse, monies should be secured in a location with access limited to the individual responsible for the monies and records should be maintained for all monies received. Additionally, when comparing county purchases to total sales, the same unit of measure should be used throughout the process.

- C. The Sheriff's department has not established procedures to routinely follow up on outstanding checks. At December 31, 2007, 57 checks totaling approximately \$300 were over one year old. These checks ranged in dates from December 2006 to as far back as 1998. Old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Payees should be contacted and old outstanding checks should be voided and reissued if necessary. If the payees cannot be readily located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.505, RSMo.

- D. The Sheriff's department did not request reimbursement from the state for extradition costs contracted out to a private vendor. Section 548.243, RSMo, allows the county to contract with a private transport company to provide prisoner extradition services. The costs incurred by the county in using the transport company can then be reimbursed by the state. The Sheriff indicated that he was not aware these contracted costs could be billed. Section 33.120, RSMo, requires all claims to be submitted to the state's Office of Administration (OA) within two years after the claim accrues. As a result, the Sheriff's department will apparently only be able to submit reimbursement claims for transports that occurred since the latter portion of 2006. Total costs incurred by the county for the prisoner extradition services was approximately \$3,000 and \$800 in 2007 and 2006, respectively.

The Sheriff's department should work with the state's Office of Administration to ensure all possible transport costs are reimbursed. In addition, the Sheriff's department should ensure that all future reimbursement claims are submitted to the state in a timely manner.

WE RECOMMEND the Sheriff:

- A. And the County Commission consider whether the county might have other less costly alternatives for providing prisoner meals and competitively purchase jail food in accordance with state law.
- B.1. Investigate the reason for the difference between the subsidiary ledger sheets and inmate account balance. In addition, the Sheriff should prepare a monthly open

items listing of individual inmate balances and reconcile it to the bank account balance.

2. Limit the access to snack and soda monies received and maintain records of all monies received. Additionally, the Sheriff should conduct accurate periodic comparisons of county purchases to overall sales and investigate discrepancies.
- C. Establish procedures to investigate checks outstanding for a considerable time. If the payees cannot be located, the balance should be distributed in accordance with applicable state law.
- D. Seek reimbursements for allowable transports conducted in 2007 and 2006. In addition, the Sheriff should ensure all future reimbursable transport costs are billed to the state in a timely manner.

AUDITEE'S RESPONSE

- A. *The County Commission indicated it will work with the Sheriff to consider if there are other alternatives for providing meals to prisoners and for competitively purchasing food supplies.*

The Sheriff indicated:

- A. *He will discuss the issue with the County Commission to determine if there are other alternatives available. He indicated that the daily average number of prisoners has increased in recent months, lowering the average cost per prisoner.*
- B.1. *He agrees with the recommendation and will ensure it is implemented.*
 2. *He agrees and his department has now installed a soda machine to help control access to the soda and the money. Additionally, a comparison of sales to money received has been implemented and documentation will be maintained for any special uses of soda for manhunts, etc., where soda is used, but money is not received.*
- C. *He agrees and will implement this recommendation.*
- D. *He agrees with the recommendation and will work with the Circuit Clerk to ensure costs are either billed to the cases as court costs or submitted to the state for reimbursement. He will also contact the state to see if any reimbursement is possible on the past cases.*

6. Emergency 911 Board's Controls and Procedures

Budgetary procedures, as well as records and procedures related to timesheets and calculation of overtime, are in need of improvement.

A. The following issues regarding budgets were noted:

- 1) The cash and investment balance of the Emergency 911 Fund at December 31, 2007, totaled approximately \$900,000, more than two times the total operating disbursements for the year. In addition, based on current budgeted receipts and disbursements, the Board anticipates an ending balance of approximately \$980,000 for 2008. While Emergency 911 dispatching operations can periodically require expensive equipment or software upgrades, the Emergency 911 Director indicated there are no specific plans for these funds.

Accumulating an excessive cash balance with no long-term plans for the use of the monies puts an unnecessary burden on taxpayers. The Emergency 911 Board should take measures to reduce the cash balance or document future plans for the monies in the budget. If there are no firm future plans for the excess monies, consideration should be given to temporarily reducing the Emergency 911 sales tax levy as allowed under Section 190.335, RSMo.

- 2) The Emergency 911 Board does not prepare and adopt annual budgets in accordance with statutory provisions. The budgets do not include a budget message, actual receipts and disbursements for the two preceding budget years, or estimated ending available resources. The budgets show only the beginning balance and the budgeted receipts and disbursements for the upcoming year.

Sections 50.525 to 50.745, RSMo, require the preparation of an annual budget which should present a complete financial plan for the ensuing budget year and set specific guidelines for the format and contents of the annual budget. A complete and well-planned budget, in addition to meeting statutory requirements, can provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual disbursements. It will also assist in setting sales tax rates and informing the public about board operations and current finances.

B. We noted the following issues regarding the calculation of overtime and preparation of timesheets:

- 1) Prior to February 12, 2008, overtime for Emergency 911 employees was not calculated in accordance with the Fair Labor Standard Act (FLSA), resulting in a potentially significant liability to the fund. Overtime was computed based on time in excess of 80 hours worked in a two-week period, rather than after a 40-hour work week as required by law. We noted more than 92 hours of overtime owed to six employees for the three month period of time reviewed in detail.

The FLSA requires the board to pay overtime or provide compensatory time at time and a half to any nonexempt employees who work more than 40 hours during a normal work week.

- 2) Time sheets are not prepared by the director, who is a salaried employee and paid the same amount each pay period. Detailed time sheets would document hours actually worked, provide information necessary to monitor leave, and are beneficial in demonstrating compliance with board policy and FLSA requirements.

WE RECOMMEND the Emergency 911 Board of Directors:

- A.1. Develop and document a long-term plan for the use of the excessive cash balance or take steps to temporarily reduce fund revenues.
2. Prepare annual budgets that contain all information as required by state law.
- B.1. Review current personnel policies to ensure compliance with the FLSA and correct the overtime balances for Emergency 911 employees.
2. Require all employees to prepare a time sheet.

AUDITEE'S RESPONSE

The E911 Board and Director indicated:

- A.1. *They agree and have spent funds recently updating some computer systems and have plans to purchase some new mapping software. Additionally, they have recently decreased the sales tax rate by an additional one-eighth cent. They indicated they have tried to take a conservative approach to build up adequate reserves to run the system and ensure the taxpayers receive the level of services they deserve. Information regarding the planned uses of the accumulated reserves will be included in the annual budget message.*
2. *They agree and will ensure future budgets include all required information.*
- B.1. *They agree and the recommendation has already been implemented.*
2. *They will consider the implementation of the recommendation.*

7. Senate Bill 40 Board's Capital Asset Records and Procedures

The Senate Bill 40 (SB40) Board does not adequately account for capital assets purchased with funding provided to the sheltered workshop. The SB 40 Board contracts with a not-for-profit entity to operate the local sheltered workshop. Some of the funding provided under the contract, as well as occasional special grants, can be used to purchase

capital assets for use by the sheltered workshop. However, the contract does not address the ownership of any assets purchased, these capital assets are not properly numbered, tagged, or otherwise identified as property of the SB 40 Board and periodic physical inventories are not performed.

Adequate capital asset records and monitoring procedures are necessary to provide adequate internal controls over board property and establish ownership of the assets in the event the sheltered workshop contractor ceases operations. The comparison of periodic inventories to overall capital asset records could potentially identify unrecorded additions and dispositions, and deter and detect theft of assets. Procedures to promptly identify, tag, and insure new capital assets are necessary to properly protect board assets.

WE RECOMMEND the Senate Bill 40 Board maintain adequate capital asset records, implement monitoring procedures over board property, and ensure contracts establish the board's ownership of the assets.

AUDITEE'S RESPONSE

The SB40 Board indicated it agrees and will implement the recommendation.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

CHARITON COUNTY
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Chariton County on findings in the Management Advisory Report (MAR) of our prior audit report issued for the 2 years ended December 31, 2003.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures

The County Commission sometimes approved expenditures without reviewing detailed supporting documentation and ensuring the goods or services had been received.

Recommendation:

The County Commission require sufficient detailed documentation and notation of receipt of goods and services be provided to support expenditures from county funds.

Status:

Implemented.

2. County Officials' Salaries

A. The county had not taken action on mid-term salary increases given to some elected officials in 1999, which appeared invalid based on a 2001 Missouri Supreme Court decision.

B.1. There was no documentation from legal counsel supporting whether the Public Administrator should have received the minimum salary provided by state law or a percentage of the minimum.

2. Prior to 2001, the Public Administrator was compensated with a combination of fees assessed to cases and \$6,000 authorized by the county salary commission and paid from the General Revenue Fund. Since going to a salary-only basis in 2001, the Public Administrator had not provided time and mileage records for the court's approval and no fees had been assessed and transmitted to the county treasury.

Recommendation:

A. The County Commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.

B.1. The County Commission consult with legal counsel and determine whether the Public Administrator's salary is in accordance with state law.

2. The Public Administrator work with the Associate Circuit Judge to ensure appropriate fees are assessed to cases and transmitted to the county treasury.

Status:

A. Partially implemented. The County Commission indicated they consulted with legal counsel and based on that advice, decided not to pursue repayment of the salary overpayments.

B.1. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Implemented.

3. County Personnel Policies

A. Policy changes, such as mileage reimbursement rates and county meal allowances, were communicated to the various offices and officials via memos or verbal discussion rather than by formally updating the personnel manual periodically.

B. The county did not have formal policies regarding personal use of county phones or monthly allowance payments to some officials and employees for use of their personal cellular phones for county business.

C. The Coroner and former Prosecuting Attorney submitted mileage and cellular phone reimbursement requests pertaining to several months or a year at one time, rather than monthly as required by county policy.

D. The county made disbursements for personnel services, related payroll taxes, and other payroll withholding for various personnel of two multi-jurisdictional drug task forces. These individuals were treated as county law enforcement employees and provided the same fringe benefits as other county employees, but did not always comply with the county's leave and overtime policies.

Recommendation:

A. The County Commission establish and formally adopt a current personnel policies manual, and ensure it is updated periodically to reflect new or changed policies.

B. The County Commission develop a formal policy regarding the use of county phones and personal cellular phones for county business.

C. The County Commission require adherence to established county policies.

- D. The County Commission reevaluate its arrangement with the task forces and ensure fair and consistent application of policies.

Status:

A&B. Not implemented. See MAR finding number 2.

- C. Not implemented. The county continues to honor requests for mileage and cellular phones reimbursements for periods of up to two months. Although not repeated in the current MAR, our recommendation remains as stated above.

- D. Implemented.

4. General Fixed Assets

Additions were not added to fixed asset records as they occurred and numerous equipment purchases were not recorded on the county's fixed asset listing. In addition, property tags were not affixed to all county property and required physical inventories were not performed.

Recommendation:

The County Commission and County Clerk work with the various county officials to ensure compliance with county fixed asset policies, property items are tagged and recorded on the fixed asset records timely, fixed asset records include proper details, and required inventories and inspections are performed.

Status:

Implemented.

5. Townships' Published Financial Statements

The County Clerk did not ensure financial statements of township road boards were prepared and published as required by state law.

Recommendation:

The County Clerk prepare a form to be utilized by the townships that provides a detailed account of the township's financial activity and property. In addition, the County Clerk should ensure all townships file completed financial statements with her office and publish in a local newspaper in accordance with state law.

Status:

Implemented.

6. Circuit Court Accrued Costs Procedures

- A.1. There was no formal communication to the Sheriff's department notifying them of their obligation to collect victim restitution money on applicable cases. Information such as a case number, defendant name(s), restitution amounts assessed, and payment plan details were not provided.
 2. Some defendants monitored by the Sheriff's department were not making payments in accordance with their order of probation or specified court order. In addition, for some cases there were discrepancies between the Sheriff's department restitution payment records and the probation and parole case summary report or the Sheriff's department records initially showed the wrong amount due.
 3. Sheriff's department personnel deemed some case restitution amounts to be uncollectible, removed the files from the active cases, and placed them in storage. The court was not notified and there was nothing in the court's records regarding the status of the cases.
 4. Overall records of court-ordered restitution were not adequate. Except for restitution pertaining to juvenile cases, the Circuit Court did not enter information regarding restitution orders and amounts into the court's Justice Information System (JIS) with other criminal costs due from the defendant. The Sheriff's department also did not maintain a summary listing of restitution amounts due and paid.
- B. After closing a case and determining the accrued costs, the Circuit Clerk prepared and sent a cost bill to the defendant. However, the collection of the accrued costs was not monitored and the Circuit Clerk did not initiate any further collection procedures if payment was not received.

Recommendation:

- A. The Circuit Clerk work with the Circuit Judge and Sheriff to improve communication efforts, develop court-ordered restitution records, and ensure that the status of cases with restitution balances are monitored and all appropriate actions are taken to pursue any unpaid amounts due.
- B. The Circuit Clerk establish adequate procedures to monitor and collect accrued costs.

Status:

- A. Beginning in February 2005, the responsibility to collect court-ordered restitution was transferred from the Sheriff to the Prosecuting Attorney. See MAR finding number 4 for related issues.
- B. Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CHARITON COUNTY
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Chariton County is a township-organized, third-class county and is part of the Ninth Judicial Circuit. The county seat is Keytesville.

Chariton 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 bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain county roads.

The county's population was 8,438 in 2000. The assessed valuation for the year ended December 31, 2007, was:

Real estate	\$ 54,715,050
Personal property	28,019,490
Railroad and utilities	38,525,782
Total	<u>\$ 121,260,322</u>

Assessed valuations and tax rate levies for political subdivisions within the county are included in the annual review of property tax rates issued by the state auditor; see Report No. 2007-91.

Chariton County has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.00500	None	50	%
Law enforcement	.00500	None	None	
Use tax	.01000	None	None	
Enhanced 911	.00875	None	None	

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

Officeholder	2008	2007
County-Paid Officials:	\$	
Tony McCollum, Presiding Commissioner		24,572
Ray Dowell, Associate Commissioner		22,572
Gail Brown, Associate Commissioner		22,572
Susan Littleton, County Clerk		34,200
Renaeh Ehler, Prosecuting Attorney		40,500
Christopher Hughes, Sheriff		37,800
Larry Breshears, County Coroner		9,900
Patti Yung, Public Administrator		18,000
Beverly Vasser, County Collector-Treasurer, year ended March 31,	34,200	
Darrin Gladbach, County Assessor (1), year ended August 31,		34,888
<p>(1) Includes \$688 annual compensation received from the state</p>		
State-Paid Officials:		
Eric Stallo, Circuit Clerk and Ex Officio Recorder of Deeds		51,197
Michael Midyett, Associate Circuit Judge		101,090