



Susan Montee, CPA  
Missouri State Auditor

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# Mississippi County



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November 2008  
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Office of  
Missouri State Auditor  
Susan Montee, CPA

November 2008

The following findings were included in our audit report on Mississippi County:

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Detention Center personnel could not account for \$2,860 collected from inmates between October 2006 and December 2006. Internal controls over receipts are in vast need of improvement and numerous problems with inmate account balances were found, including failure to reconcile inmate monies received to deposits and amounts posted to the inmate system, lack of reconciliations of open items to the balance in the inmate account, and not depositing intact. In addition, procedures for commissary profit calculations, various cost analyses, tracking of the transportation petty cash fund, and the changing of computer passwords are in need of improvement. Most of these conditions were noted in our prior audit report. The Sheriff responded in the prior report that the recommendations for these conditions had been implemented; however, little improvement was noted.

In addition, accounting duties are not properly segregated in the Sheriff's Department and internal controls over receipts and deposits are in need of improvement. The Sheriff improperly retained fees collected for partition sales and several unidentified old guns have been held by the Sheriff for at least four years.

The salary schedule established for elected officials does not appear to comply with state law. In 2005, the salary commission approved a salary schedule, based on the years of service, for all elected officials except the County Commission. The County Commissioners' salaries did not change. The new schedule establishes the base as the maximum amount of compensation allowed by statute. It then establishes a 4 percent increase for the second and third terms of office, a 3 percent increase for the fourth through seventh terms, and a 2 percent increase for the eighth term and each term thereafter. State law allows counties to set a base salary for officials and salary increases; however, it indicates that such percentage increases shall be equal for all officials. State law also allows for a cost of living adjustment that is the same percentage for all county officials. However, the increases approved by the Salary Commission, are not based on the cost of living and were not given to all officials.

In addition, the county is not complying with the Prosecuting Attorney's legal opinion on additional salary payments to the County Clerk. The County Clerk was paid an additional \$10,189 in both 2007 and 2006 over amounts authorized by the Salary Commission. Additional compensation represents \$998 per year for serving as secretary for the Johnson Grass Board, \$3,992 per year for serving as secretary for the Road and Bridge Department, and \$5,200 per year for serving as groundskeeper. The County Commission

(over)

YELLOW SHEET

obtained a legal opinion from the Prosecuting Attorney in February 2005 which indicated that per state law, if the additional compensation is less than \$1,500 (\$5,000 as of August 2005) per year or if the compensation was made pursuant to an award on a contract made after public notice and competitive bidding, the additional compensation is allowable. However, bids were not solicited for the job of groundskeeper, for which compensation exceeded \$5,000. In addition, the county did not have documentation to indicate why the road and bridge duties would not be considered normal duties of the county clerk.

Payroll duties are not adequately segregated and an adequate supervisory review of the county's payroll system is not performed. As a result, the County Clerk's office overpaid Sheriff's Department deputies \$8,437 for overtime. Salaried employees in the Sheriff's Department do not prepare timesheets and the county did not document why they consider an employee exempt from the Fair Labor Standards Act (FLSA).

The Senate Bill 40 Board's budgetary practices are in need of improvement. The Senate Bill 40 Board has continued to accumulate a significant cash reserve without any documented specific plans for its use. The board had a cash balance of \$1,260,859 and \$1,203,891 at December 31, 2007 and 2006, respectively. The board consistently spends less than they receive in property taxes each year. In addition, bids were not solicited for a \$28,000 sawdust trailer, approval of bills is not documented, and invoices are not always canceled upon payment. Also, meeting notices and agendas are not prepared for regularly scheduled board meetings and the minutes are not signed.

The County Collector does not refund tax overpayments from the partial payment account on a timely basis and does not have current written agreements with various cities for providing property tax collection services. Surtax and interest collections were improperly distributed for the year ended February 29, 2008, and the 2006 annual settlement was not filed with the County Commission until 2008. In addition, the County Collector does not reconcile the composition of receipts to the composition of the bank deposits.

Also included in the report are recommendations related to the county's budgetary practices, public records policy, capital asset records, computer controls, Juvenile Office procedures, and the Prosecuting Attorney's and Public Administrator's accounting controls and procedures.

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MISSISSIPPI COUNTY

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STATE AUDITOR'S REPORT



**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Mississippi County

We have audited certain operations of Mississippi County in fulfillment of our responsibilities under Section 29.230, RSMo. In addition, Charles Buchanan, Certified Public Accountant, PC, has been engaged to audit the financial statements of Mississippi County for the year ended December 31, 2007, and Brown and Thomas, Certified Public Accountants, PC, previously audited the financial statements of Mississippi County for the year ended December 31, 2006. 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. 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 Mississippi 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:	Debra S. Lewis, CPA
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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



MISSISSIPPI COUNTY  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Statutory Salaries</b>
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The salary schedule established for elected officials does not appear to comply with state law. In addition, the county is not complying with the Prosecuting Attorney's legal opinion on additional salary payments to the County Clerk.

- A. The Mississippi County Salary Commission has approved a salary schedule for some elected officials that does not appear to comply with state law. In 2005, the salary commission approved a salary schedule, based on the years of service, for all elected officials except the County Commission. The County Commissioners' salaries did not change. The new schedule establishes the base as the maximum amount of compensation allowed by statute. It then establishes a 4 percent increase for the second and third terms of office, a 3 percent increase for the fourth through seventh terms, and a 2 percent increase for the eighth term and each term thereafter. The schedule does not appear to comply with Section 50.333, RSMo, and the county could not provide a written legal opinion stating why the salary schedule would be allowed.

Section 50.327, RSMo, allows counties to set a base salary for officials and salary increases; however, it indicates that such percentage increases shall be equal for all officials. In addition, Section 50.333.12, RSMo, allows for a cost of living adjustment that is the same percentage for all county officials. However, the increases approved by the Salary Commission, are not based on the cost of living and were not given to all officials. The County Commission should consult with the Prosecuting Attorney and obtain a written legal opinion to ensure compliance with Section 50.333, RSMo, and seek reimbursement for any overpayments.

- B. The county is not complying with the Prosecuting Attorney's legal opinion on additional salary payments to the County Clerk above the amounts authorized by the Mississippi County Salary Commission. The County Clerk was paid an additional \$10,189 in both 2007 and 2006 over amounts authorized. Additional compensation represents \$998 per year for serving as secretary for the Johnson Grass Board, \$3,992 per year for serving as secretary for the Road and Bridge Department, and \$5,200 per year for serving as groundskeeper.

The County Commission obtained a legal opinion from the Prosecuting Attorney in February 2005 which indicated that per Section 105.454, RSMo, if the additional compensation is less than \$1,500 (\$5,000 as of August 2005) per year or if the compensation was made pursuant to an award on a contract made after public notice and competitive bidding, the additional compensation is allowable. However, bids were not solicited for the job of groundskeeper, for which

compensation exceeded \$5,000. In addition, the county did not have documentation to indicate why the road and bridge duties would not be considered normal duties of the county clerk. The County Commission should solicit bids for the job of groundskeeper to ensure compliance with state law. Also, the County Commission should determine whether the duties of the Road and Bridge Department secretary are separate from the duties of the County Clerk.

A similar condition was noted in the previous report.

**WE RECOMMEND** the County Commission:

- A. Review the current salary schedule with legal counsel to determine whether the schedule complies with state law and seek reimbursement for any overpayments.
- B. Solicit bids or hire employees for the duty of groundskeeper and determine whether the additional duties for the Road and Bridge Department are separate from the duties of the County Clerk.

**AUDITEE'S RESPONSE**

*The County Commission indicated:*

- A. *The current salary schedule of Mississippi County will be reviewed with legal counsel to determine compliance with state law and should the salary schedule not be in compliance, a revised schedule will be adopted at the next meeting of the Mississippi County Salary Commission.*
- B. *We are satisfied with the current arrangement of the County Clerk performing extra duties for additional compensation. We are of the opinion that the arrangement saves the county money by avoiding the hiring of additional staff to perform these functions, as well as having a person with the expertise to perform quality work in each of the mentioned areas.*

**AUDITOR'S COMMENT**

- B. Paying the County Clerk for groundskeeper duties in excess of \$5,000 without soliciting bids appears to violate state law. In addition, the county has no assurance they are receiving the best price on these services. The County Commission should solicit bids for the groundskeeper duties and determine whether the Road and Bridge duties would be considered part of the County Clerk's normal duties in order to avoid any appearance of impropriety.

The county's budgetary practices are in need of improvement.

- A. On December 27, 2007, the County Commission amended the Law Enforcement Fund budget to reflect approximately \$20,000 in unexpected disbursements made earlier in the year related to computer upgrades at the Detention Center. Amendments approved after disbursements have been made do not allow for the budget to be used as an effective management tool.

It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures.

- B. The approved budget documents did not adequately project anticipated disbursements for the Drainage District Funds or the Johnson Grass Fund for the years ended December 31, 2007 and 2006. The budgets significantly overestimated disbursements and, as a result, the actual ending cash balances were much higher than the projected ending balances. For example, disbursements in 2007 for maintenance were budgeted at \$44,500 and \$39,000 for Drainage District #32 and Drainage District #30, respectively; however, there were no disbursements for either district. The County Commission indicated they intended to spend monies on maintenance for the drainage districts; however, similar amounts were also budgeted in 2006 without being spent. Budgeted disbursements for the Johnson Grass Fund were over \$40,000 greater than actual disbursements in 2007 and 2006.

For the budget documents to be of maximum assistance to the county and to adequately inform the public, the budgets should accurately reflect the anticipated receipts, disbursements, and ending cash balances. The practice of routinely budgeting to spend the majority of all available resources decreases the effectiveness of the budget as a management planning tool and as a control over disbursements.

- C. The ending cash balance of the Johnson Grass Fund substantially exceeds annual disbursements. The cash balance of the Johnson Grass Fund increased from \$50,370 at December 31, 2005, to \$136,329 at December 31, 2007, while disbursements totaled \$24,824 and \$26,275 during the years ended December 31,

2007 and 2006, respectively. The budget document did not note any future plans for these funds.

To ensure the adequacy of the budget document as a planning tool and to fully inform citizens of plans for tax monies, the County Commission should determine its future financial needs and clearly document any future plans for these monies in the budget. In addition, the County Commission should consider reducing future tax levies.

**WE RECOMMEND** the County Commission:

- A. Ensure budget amendments are made prior to incurring the actual expenditures.
- B. Ensure that budgets provide a reasonable estimate of each fund's receipts, disbursements, and ending cash balances.
- C. Review the future financial needs for the Johnson Grass Fund with the Johnson Grass Board and consider lowering future tax levies. If plans have been made for expending the accumulated fund balances in the Johnson Grass Fund, such plans should be set forth publicly in the budget document.

**AUDITEE'S RESPONSE**

*The County Commission indicated:*

- A. *We feel that amendments to the budget were in conformance with the state law as funds were not over-expended until after budget amendments were adopted.*
- B. *We do provide reasonable estimates of each fund's receipts; however, we will attempt to provide a more reasonable estimate of disbursements in the several drainage district funds and the Johnson Grass Fund.*
- C. *We have reviewed the financial needs of the Johnson Grass Fund and have already begun a more comprehensive program of eradicating noxious weeds in the county.*

**3.**

**Payroll Controls**

Payroll duties are not adequately segregated and an adequate supervisory review of the county's payroll system is not performed. As a result, the County Clerk's office overpaid Sheriff's Department deputies \$8,437 for overtime. Salaried employees in the Sheriff's Department do not prepare timesheets and the county did not document why they consider an employee exempt from the Fair Labor Standards Act (FLSA).

- A. Payroll duties are not adequately segregated and an adequate supervisory review of the county's payroll reports and payroll checks was apparently not performed, allowing calculation errors to go undetected. The Deputy County Clerk handles all payroll duties, except for the Road and Bridge Department. This includes reviewing timesheets, record keeping, disbursing payroll checks, and distributing employee W-2 forms.

The County Clerk's office has been incorrectly calculating overtime for Sheriff's Department deputies since June 2006. As of April 1, 2008, overpayments totaling \$8,437 have been made. Deputies are paid overtime for time worked in excess of 171 hours in a 28 day cycle as required by the FLSA. Overtime hours were included in both the regular and overtime pay calculations instead of only the overtime pay calculations, thus the overtime hours were paid at two and a half times rather than one and a half times the regular rate. The deputies did not question the amounts and the calculation error was not discovered until we brought this matter to the attention of the County Clerk.

A proper segregation of duties provides a means of establishing control over assets, thus minimizing the risk of error. If segregation of duties is not possible, the comparison of the payroll disbursements to the payroll register and employee timesheets by an independent individual would provide supervisory review and minimize the risk of errors going undetected.

- B. Timesheets are not prepared by salaried employees of the Sheriff's Department. The County Clerk pays these employees the same amount each pay period unless told otherwise by the employees' supervisor. County policy states all employees are to record their attendance each work day. Detailed time sheets document hours actually worked, provide information necessary to monitor overtime, leave and compensatory time usage and balances, and are beneficial in demonstrating compliance with county policy and FLSA requirements. Time sheets should be signed by all employees, verified for accuracy, approved by the applicable supervisor, and filed with the County Clerk's office.
- C. In September 2007, the County Commission approved additional after-hour duties for a deputy county clerk, for which she received a one time payment of \$1,000 to construct the county's website plus \$25 per month to maintain it. The clerk is not paid overtime for the additional time worked over 40 hours per week and the additional time is not reflected on her timesheets. As a result, the County Commission cannot provide documentation to support the additional payroll amount. The County Commission did not document why they consider this employee exempt from the FLSA.

This situation may not comply with the FLSA, which states hours worked in excess of 40 hours each week shall be considered overtime and paid out at the rate of time and a half. The county is required to account for and either pay overtime

or allow compensatory time off for nonexempt employees. The county should obtain a written legal opinion to ensure compliance with the FLSA.

**WE RECOMMEND** the County Commission:

- A. Require duties of recording, calculating, and disbursing payroll to be adequately segregated. At a minimum, there should be documented supervisory reviews of the payroll system. In addition, the County Commission should ensure the overtime error noted is corrected on future payrolls.
- B. Require all employees to prepare time sheets. These time sheets should be prepared and signed by the employee, approved by the applicable supervisor, and filed with the County Clerk.
- C. Consult with legal counsel to ensure the actions taken are in compliance with the FLSA.

**AUDITEE'S RESPONSE**

*The County Commission indicated:*

- A. *The County Clerk has already implemented procedures whereby the duties of recording, calculating, and disbursing payroll is segregated. In addition the County Clerk has developed a computer software program for the calculation of regular and overtime hours for law enforcement personnel that will ensure accurate calculation of overtime hours for future payrolls.*
- B. *We presently require all employees, both exempt and non-exempt, to prepare timesheets to be signed by the employee, approved by the applicable supervisor, and signed with the County Clerk's signature.*
- C. *We followed the guidelines of the Fair Labor Standards Act in paying an employee for work done outside the regular scope of her county employment.*

**AUDITOR'S COMMENT**

- C. Developing and maintaining the county website could be considered part of the deputy clerk's regular duties. The County Commission should consult with legal counsel to ensure the county is in compliance with the FLSA.

**4.****Public Records Policy**

The county does not have a formal written policy regarding public access to records. In addition, the County Clerk indicated he charges 25 cents for the first page and 10 cents for each additional page for copies of county records; however, the county has no documentation showing how this rate complies with state law. A formal policy regarding access and obtaining copies of county records would establish guidelines for the county to make the records available to the public. This policy should establish a contact person, an address for mailing such requests, and a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making county records available to the public. Section 610.026, RSMo, provides that fees for copying public records shall not exceed ten cents per page for a paper copy not larger than nine by fourteen inches, with the hourly fee for duplicating time not to exceed the average hourly rate of pay for clerical staff of the public governmental body.

**WE RECOMMEND** the County Commission develop a formal policy regarding procedures to obtain public access to, or copies of, public county records, and maintain documentation to support the fees charged and compliance with state laws.

**AUDITEE'S RESPONSE**

*The County Commission indicated:*

*We have developed and adopted a formal policy regarding procedures to obtain public access to or copies made of public county records and maintain documentation to support the fees charged.*

**5.****Capital Assets**

County capital asset records and procedures are in need of improvement. The county's property records and physical inventory procedures are not adequate and some departments did not perform inventories or provide reports to the County Clerk. In addition, the county has not established a cellular telephone policy.

- A. The capital asset records maintained by the County Clerk are not always updated. Each year the County Clerk sends a memo to all county departments requesting they perform inspections and physical inventories, and submit inventory reports to document these efforts. If the established deadline is not met, reminders are sent to the non-responding departments via email; however, the County Clerk does not maintain documentation of the email correspondence.

Physical inventory reports were not completed and submitted to the County Clerk's office by some departments. The County Treasurer, Road and Bridge Department, Assessor, Drug Court, Juvenile Office, Public Administrator, and Coroner did not perform inventories or submit reports for 2007. Also, the inventory report for the Sheriff's Department was not on file with the County Clerk. As a result, some capital asset additions have not been added to the capital asset records. Because some departments are not providing the required physical inventory reports, the County Clerk's ability to verify additions and dispositions is hampered, the completeness and accuracy of the overall county property records is questionable, and the county's overall monitoring of county property is less effective. In addition, insurance coverage changes may not be made timely for new property items or dispositions, resulting in either unprotected assets or unnecessary insurance costs.

Section 49.093, RSMo, requires counties to account for personal property costing \$1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in the inventory records. An explanation of material changes from the previous inventory is to be attached to the department inventory reports.

Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. The comparison of periodic inventories to overall county capital asset records could potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets.

- B. Although the county has a capital asset policy, not all required procedures are performed. The following problems were noted:
- Some capital assets are not properly tagged or otherwise identified as county property. Property control tags should be affixed to all capital asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.
  - Written authorization is not obtained from the County Commission for the disposition of capital assets.
  - Disposition information such as dates, amounts, and means of disposal are not always recorded by the county officials in the county capital asset records.

In addition, the county does not have procedures in place to track capital asset purchases and reconcile the purchases to the capital asset records. This lack of monitoring increases the possibility of theft occurring without detection, and



capital assets could be purchased or disposed of without proper modifications to the county's insurance coverage.

Adequate capital asset records and monitoring procedures are necessary to ensure compliance with Section 49.093, RSMo, and provide adequate internal controls over county property. Procedures to promptly identify, tag, and insure new capital asset items are necessary to properly protect county assets. The County Commission should develop procedures to ensure the capital asset policy is followed.

- C. The county does not have a formal policy regarding cellular telephone usage or guidelines to determine when a cellular telephone is needed or of benefit to the county. The county spent approximately \$9,500 and \$7,750 for cellular telephone usage in 2007 and 2006, respectively.

The county should adopt a written cellular telephone policy. This policy should provide criteria for determining which employees need a cellular telephone and proper use of county telephones.

Conditions similar to A and B were noted in our prior report.

**WE RECOMMEND** the County Commission:

- A. Work with the County Treasurer, Sheriff's Department, Road and Bridge Department, Assessor, Drug Court, Juvenile Office, Public Administrator, and Coroner to ensure physical inventories are conducted and submitted to the County Clerk's Office.
- B. Ensure procedures established for tagging new capital assets throughout the year are properly followed by the officials and departments. In addition, the County Commission should ensure written authorization is obtained for the disposition of capital assets, the capital asset list is updated with the appropriate disposition information, and capital asset purchases are tracked and reconciled to capital asset records.
- C. Develop a cellular telephone policy regarding the use of cellular phones including an assessment of which employees need a cellular telephone and procedures to monitor their use.

**AUDITEE'S RESPONSE**

*The County Commission indicated:*

- A. *We will work with all departments to ensure that physical inventories of capital assets are conducted and reports are submitted to the County Clerk in a timely fashion.*

- B. *This recommendation is wholly contained in the County's Capital Asset policy that was adopted following the last state audit. The Commission will ensure policy standards are adhered to and reconciliations of capital assets purchased to additions are performed.*
- C. *We have developed and adopted a cellular telephone policy regarding the use of cellular phones.*

*The Juvenile Detention Center Superintendent and Juvenile Court Administrator indicated:*

- A. *We will make sure inventory reports are submitted to the County Clerk.*

*The County Treasurer indicated:*

- A. *The inventory report for 2007 has now been submitted and reports will be submitted timely in the future.*

*The Assessor indicated:*

- A. *We will implement this recommendation for 2008.*

*The Public Administrator indicated:*

- A. *I will send the 2008 report to the County Clerk.*
- B. *I will make sure to get tags and update the list for dispositions . Everything is tagged in my office and I will continue to do so in the future.*

*The Sheriff indicated:*

- A. *The 2007 inventory report was sent to the County Clerk.*
- B. *We will update the inventory list and get a tag each time an asset over \$1,000 is purchased, and we will also update the list when assets are disposed.*

<b>6.</b>	<b>Computer Controls</b>
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Computer systems and data are vulnerable to unauthorized use, modification, or destruction. Password procedures, backup procedures, and computer security systems are not adequate in some county offices.

- A. Access to computer systems and data is not adequately restricted to only authorized users. Although the County Clerk, County Collector, County Treasurer, and Assessor require the use of passwords to access the mainframe computer system, passwords are not periodically changed to help ensure they remain known only to the assigned user and to reduce the risk of compromised

passwords. In addition, all employees in the County Collector's office use the same password and user IDs and passwords are not required for a separate program used by the Assessor. An ineffective password system increases the risk of unauthorized access and changes to the computer systems and county data.

Passwords should be unique and confidential, changed periodically to reduce the risk of unauthorized use, and used to restrict employees' access to only those computer systems and data files needed to accomplish their jobs. Passwords are an effective, simple control to provide protection against improper access to computer systems and data. When properly managed in a controlled environment, passwords can provide effective security.

- B. A security system is not in place in the offices of the County Clerk, County Collector, County Treasurer, and Assessor to detect or prevent incorrect log-on attempts. An unauthorized individual could try an infinite number of times to log on the system and, if successful, have unrestricted access to programs and data files. In addition, the computers in these offices do not shutdown after a certain period of inactivity.

To help protect computer files, a security system should be implemented to stop incorrect log-on attempts after a certain number of tries and shutdown the system after a certain period of inactivity. Such a system should produce a log of the incorrect attempts which should be reviewed periodically by an authorized official.

- C. Backup disks are not always stored at a secure off-site location. While backups are prepared for the County Collector's and Assessor's offices, the backups are stored in the County Collector's vault instead of off-site. Failure to store computer backup disks at a secure off-site location results in the backup disks being susceptible to the same damage as the data on the computer. Preparation of backup disks, preferably on a daily or at least weekly basis, along with off-site storage, would provide increased assurance that county data could be recreated if necessary.
- D. The County Collector and Assessor both have the capability to make changes to all property tax records for additions and abatements. Since the County Collector is responsible for collecting taxes, she should not have the capability to make changes to the actual tax data. While there was no evidence that the County Collector and Assessor made unauthorized changes to the property tax records, the capability to make changes weakens controls over the accountability of property tax charges and collections. A control should be installed in the computer system to limit the County Collector's and Assessor's access to only the computerized property tax data needed to perform their duties.

**WE RECOMMEND** the County Commission:

- A. Work with the County Clerk, County Collector, County Treasurer, and Assessor to require passwords for all employees which are confidential and periodically changed to prevent unauthorized access to the county's computer systems and data.
- B. Work with the County Clerk, County Collector, County Treasurer, and Assessor to implement a security system to detect and report incorrect log-on attempts after a certain number of tries and shutdown their computers after a certain period of inactivity.
- C. Ensure backup disks are stored in a secure off-site location.
- D. Revise the property tax system to limit the County Collector's and Assessor's access to only the computerized property tax data needed for their office.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk indicated:*

- A. *We will work with the Collector, Treasurer, and Assessor and require passwords be changed on a regular basis to prevent unauthorized use of the county's mainframe computer system.*
- B. *We will contact the county's mainframe computer software engineer and request that a security system be implemented to prevent unauthorized access to the computer system and to shutdown the system following a certain period of inactivity.*
- C. *We will require all users of the mainframe computer system to store backup disks at a secure off-site location.*
- D. *We will contact the county's mainframe computer software engineer and request a change to the software to prevent the Assessor and Collector from being able to access the other's computerized property tax data.*

*The County Treasurer indicated:*

*A&B. I will discuss this with the County Commission to determine what should be done.*

*The Assessor indicated:*

*A. I will look into getting passwords changed bi-annually.*

*B&D. I will discuss these recommendations with our computer programmers.*

*The County Collector indicated;*

*A,B,*

D. *I will work with the County Commission to determine what should be done for these recommendations.*

C. *This recommendation will be implemented.*

<b>7. Detention Center Accounting Controls and Procedures</b>
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Detention Center personnel could not account for approximately \$2,860 collected from inmates between October 2006 and December 2006. Internal controls over receipts are in vast need of improvement and numerous problems with inmate account balances were found. In addition, procedures for commissary profit calculations, various cost analyses, tracking of the transportation petty cash fund, and the changing of computer passwords are in need of improvement. Most of these conditions were noted in our prior audit report. The Sheriff responded in the prior report that the recommendations for these conditions had been implemented; however, little improvement was noted.

The Detention Center maintains a bank account for inmates housed in the center. The Detention Center processed receipts intended for inmates of approximately \$200,000 and \$175,000 during the years ended December 31, 2007 and 2006, respectively.

A. Detention Center personnel could not account for monies received totaling approximately \$2,860, collected for deposit to the inmate bank account between October 2006 and December 2006. (See Appendix for a complete list of unaccounted for receipts.) Receipt slips were issued and the amounts were posted to each inmate's account in the Detention Center's inmate accounting computer system; however, these monies could not be traced to deposits. It appears poor internal controls have contributed to these unaccounted for monies going undetected.

1. Reconciliations are not performed for inmate monies. Receipts are posted to the inmate accounting system by the dispatchers who also collect these monies. However, a reconciliation of amounts posted to the system and receipt slips issued and amounts deposited is not performed. In addition, the composition of the receipt slips issued is not reconciled to the composition of deposits.
2. The numerical sequence of receipt slips is not accounted for properly and some receipt slips were incomplete. Numerous receipts slips were missing information such as the date of receipt and the amount. There were also instances of multiple receipt slip books used simultaneously and receipt slips issued out of order within the receipt slip books.

To ensure all monies received are properly recorded and deposited, the inmate accounting system must be reconciled to receipt slips, the composition of receipt slips must be reconciled to deposits, and the numerical sequence of receipt slips

issued should be accounted for properly. By not providing adequate oversight and implementing strong internal controls, Detention Center officials placed inmate funds at risk, resulting in the unaccounted for monies. A review of other months should be performed to determine whether other monies are unaccounted for. In addition, the Sheriff should ensure the unaccounted for monies are properly investigated and any necessary legal recourse is taken. The implementation of the following additional recommendations would strengthen internal controls over these monies.

- B. Some monies were not deposited intact. In addition, checks and money orders are not always restrictively endorsed immediately upon receipt. In many instances, the restrictive endorsement is not applied until the deposit is prepared. Some monies were apparently left in the locked box for several months before being deposited and numerous examples of inmates being refunded their money in cash when they were released were noted. The inmates sign a statement to document they were paid cash upon release. It is possible that some of the unaccounted for receipts noted in part A could have been paid in cash to an inmate who failed to sign a statement.

To ensure monies received are properly deposited and reduce the risk of loss or misuse of funds, monies should be deposited intact daily, and checks and money orders should be restrictively endorsed immediately upon receipt. Additionally, when inmates are released, they should be issued a check for their account balance instead of given cash.

- C. The following problems were noted with the inmate account:
  - 1. Monthly listings of open items (liabilities) are not reconciled to cash balances. An open items listing is currently generated each month; however, it is not used to perform needed reconciliations. At March 31, 2008, inmate balances on the open items listing totaled \$4,467 and the amount of commissary vending monies to be turned over to the County Treasurer totaled \$8,485. The reconciled cash balance for the inmate bank account was \$10,861, which is \$2,091 less than total open items. Contributing to the problem is that prior to August 2007, bank reconciliations were not performed and a running checkbook balance was not maintained. The unaccounted for monies (noted in part A), the \$6,000 distributed to the County Treasurer (noted in part C.3), and the errors noted in the amounts distributed to the County Treasurer (noted in part D) could have contributed to this difference. In addition, the amounts absorbed into the account (noted in part C.4) would affect the difference. Monthly reconciliations of liabilities and individual inmate accounts to the reconciled bank balance are necessary to ensure the bank account is in agreement with the accounting records and to detect and correct errors on a timely basis. In addition, the difference in the bank account should be investigated and appropriate action taken.

2. Disbursements are posted to the inmate accounting system from the inmates' commissary and medical requests and checks issued upon a prisoner's release. A reconciliation of disbursements posted to the inmate system to checks issued is not performed.

To ensure disbursements are properly handled and recorded, the total disbursements posted to the inmate accounts each month should be reconciled to the total checks written. In addition, this reconciliation would ensure the proper amounts were disbursed to the County Treasurer each month (see part D).

3. At March 31, 2008, 193 inmates had closed accounts indicating that the inmates were released from the Detention Center; however, the balance of their commissary accounts had not been disbursed. The total balance of these 193 accounts was \$3,254. Some of the inmates had been released as early as 2002. These closed account balances create additional and unnecessary record keeping responsibilities. In addition, in February 2008, approximately \$6,000 was transmitted to the County Treasurer in an attempt to reduce the balance of the inmate bank account and turn over old outstanding checks. However, only a little more than \$2,000 of this amount could be identified to a specific inmate. The monies were placed in the Law Enforcement Fund as commissary revenues instead of being transmitted to the state's Unclaimed Property Section. Detention Center personnel did not provide the County Treasurer with any type of report identifying these monies.

An attempt should be made to locate the prior inmates with old commissary account balances. If the inmates cannot be located, the amounts should be disbursed to the state's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo. In addition, account balances should be disbursed to inmates upon their release from the Detention Center.

4. Detention Center officials indicated that when an inmate is released and the inmate's account balance is less than \$2, the account is closed and left in the inmate bank account instead of being disbursed. The Detention Center does not maintain records of these amounts to determine the total held in the inmate account. The Sheriff should work with the County Commission to determine the proper disposition of these monies.
- D. The Detention Center does not periodically calculate the profit of items sold in the commissary to ensure the amounts received are reasonable. An official indicated that all items are marked up 200 percent; however, a review of the March 2008 commissary purchases showed that most items are marked up between 20 and 50 percent. There are several items, such as certain drinks, snacks, and playing cards on which the center is actually losing money. In addition, it appears the monthly

turnover of vending sales to the County Treasurer is not always correct. For example, the center transmitted \$2,996 for March 2008. Based on a review of sales for March 2008, it appears \$3,367 should have been transmitted. Transmitting the incorrect amount each month contributes to the unidentified difference between the open items list and the cash balance of the inmate account.

The selling price of all commissary items should be set at the same percentage over cost and the profit periodically compared to purchases to ensure the proper amount of profit is on hand. Any unusual fluctuations of profit should be investigated and explanations should be documented. In addition, the Sheriff's office should review procedures for determining the monthly total to be distributed to the County Treasurer to ensure all amounts collected for commissary sales are properly included.

E. The costs for various services were not analyzed to determine if amounts charged adequately recover all costs. Documentation could not be provided to show how the various rates were determined for the following services:

- The Detention Center charges the U.S. Citizenship and Immigration Services (USCIS) \$65 (plus 58.5 cents per mile and \$10.88 per hour for transportation of inmates), the City of Charleston \$30, and the City of Sikeston and all counties \$35 a day for each inmate housed in the center. The USCIS rate has been in effect since 2003 and all other rates since 1999.
- Inmates are charged \$10 per visit with the nurse practitioner, \$5 per visit with the staff nurse, and \$3 for any medications. The inmate completes a request form for each medical service and the respective amount is deducted from the inmate's account balance. No reconciliation is performed between the deductions and the request forms to ensure the proper amount is charged each month.
- Employees are charged \$2 per meal from the Detention Center kitchen.

By establishing rates that are not based on the actual cost of the services to the county, it is possible that the county is subsidizing the costs of these services. To ensure the center is billing at a rate that adequately recovers all costs, amounts charged for incarceration, medical services, and employee meals should be analyzed periodically and compared to billing rates. In addition, medical request forms should be periodically reconciled with the medical deductions from the inmate accounts to ensure the proper amounts are being posted.

F. A ledger documenting receipts, disbursements, and the balance of the transportation petty cash fund is not maintained. When inmates need to be transported to another facility, drivers are allowed to obtain \$100 from this fund and are required to submit purchase receipts and any remaining monies to the jail



administrator upon their return. The purchase receipts are then periodically transmitted to the county in exchange for reimbursement checks which are cashed and placed in the petty cash fund. The only record maintained is when the drivers sign a statement indicating they have obtained \$100 from the fund.

If a petty cash fund is needed, the Sheriff should ensure it is maintained on an imprest basis. In addition, a petty cash ledger should be maintained documenting receipts, disbursements, and the balance of the petty cash fund. Periodically, the cash on hand should be counted and reconciled to the ledger balance by an independent person to ensure funds are being accounted for properly, to detect errors, and to prevent the fund from being misused.

- G. The computer system and data at the Detention Center are vulnerable to unauthorized use, modification, or destruction because passwords are not periodically changed to reduce the risk of compromised passwords.

The security of a password system is dependent upon keeping passwords confidential. However, passwords are not periodically changed to help ensure they remain known only to the assigned user and to reduce the risk of compromised passwords. As a result, there is less assurance passwords are effectively limiting access to computer systems and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential, changed periodically to reduce the risk of unauthorized use, and used to restrict individuals' access to only those computer systems and data files they need to accomplish their jobs.

Conditions similar to parts A, B, and C were noted in our prior report.

**WE RECOMMEND** the Sheriff:

- A. Take the necessary action to investigate the unaccounted for monies and work with law enforcement officials regarding any criminal prosecution. Additionally, the Sheriff's Department should review other months to determine whether other monies are unaccounted for, and ensure amounts posted to the inmate accounting system are reconciled to receipt slips issued, all necessary information is recorded on receipt slips issued, and the numerical sequence of receipt slips issued is accounted for properly. The Sheriff's Department should also reconcile the composition of receipt slips issued to the composition of deposits.
- B. Ensure all monies are deposited intact on a timely basis and checks and money orders are restrictively endorsed immediately upon receipt. Additionally, the Sheriff should ensure all disbursements of inmate monies are made by check.
- C.1. Ensure a listing of liabilities, including individual inmate balances, is reconciled to the reconciled bank balance on a monthly basis. In addition, the difference in the bank account should be investigated and appropriate action taken.

2. Ensure disbursements recorded on the inmate system are reconciled to checks issued each month.
  3. Ensure attempts are made to resolve unpaid balances of closed inmate accounts and inmate account balances are disbursed when an inmate leaves the Detention Center. In addition, the Sheriff should ensure the Jail Administrator adopts procedures to routinely follow up and reissue old outstanding checks and dispose of outstanding balances. If the payees cannot be located, these monies should be disposed of in accordance with state law. The Sheriff should also work with the County Treasurer to determine the proper disposition of the \$6,000 deposited to the Law Enforcement Fund.
  4. Work with the County Commission to determine the proper disposition of closed account balances of less than \$2.
- D. Require the selling price of all commissary items be set at the same percentage above cost and profits compared to purchases periodically. Any unusual fluctuations should be investigated and explanations documented. In addition, the vending sales and turnover to the County Treasurer for each month since January 2006 should be reviewed to determine whether incorrect amounts were transmitted.
- E. Work with the County Commission to periodically review the costs of boarding inmates, medical services, and employee meals and establish billing rates that are sufficient to recover costs. In addition, medical request forms should be periodically reconciled with the corresponding deductions from the inmate account balances to ensure the proper amounts are being posted.
- F. Ensure a ledger for the transportation petty cash is maintained to account for all petty cash receipts, disbursements, and cash balances.
- G. Require passwords for all employees which are confidential and periodically changed to prevent unauthorized access to the county's computer systems and data.

### **AUDITEE'S RESPONSE**

*The Sheriff indicated:*

- A. *An investigation has been completed and the matter is currently going through the court system. We now account for the numerical sequence of the receipt slips and ensure all monies receipted are deposited. We will review our system to determine if a reconciliation of amounts posted can be performed.*
- B. *Deposits are now done daily and checks/money orders are restrictively endorsed immediately. All disbursements are now made by check.*

*C&F. These recommendations will be implemented.*

*D. I have already implemented an inventory system and we will continue to use it. Any problems that arise will be investigated immediately.*

*E. We will evaluate the costs and adjust the billing rates if necessary.*

*G. I will require passwords to be changed every six months.*

*The County Commission indicated:*

*E. We will require a periodic review of the actual costs of boarding inmates in the Detention Center, medical costs provided to inmates, and employee meals to ensure that the county is, at a minimum, recovering the county's actual costs of providing these services.*

<b>8. Sheriff's Accounting Controls and Procedures</b>
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Accounting duties are not properly segregated in the Sheriff's Department and internal controls over receipts and deposits are in need of improvement. In addition, the Sheriff improperly retained fees collected for partition sales. Also, several unidentified old guns have been held by the Sheriff for at least four years.

The Sheriff's Department processes monies for all terrain vehicle and conceal and carry permits and civil fees. Receipts totaled approximately \$34,000 and \$28,000 for the years ended December 31, 2007 and 2006, respectively. Also, the department received \$84,000 and \$12,500 in partition sales for the years ended December 31, 2007 and 2006, respectively.

A. The duties of receiving, recording, depositing, and disbursing monies are not adequately segregated. The office manager currently performs all of these duties. There are no documented reviews of the office manager's work by the Sheriff.

Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the office manager's work should be performed and documented.

B. The following concerns were noted regarding receipts:

1. Receipt slips issued are not reconciled to amounts deposited and the composition of receipts is not reconciled to the composition of deposits. In addition, receipt slips were not issued for some monies received, and some receipt slips were not issued immediately upon receipt of the monies. During a cash count on March 12, 2008, two checks dated March

2007 and one dated April 2007 totaling \$120 were discovered in a desk drawer. Receipt slips were not issued for the checks until the day of the cash count. Receipt slips were not issued for two \$62 receipts for conceal and carry gun permits that were deposited in December 2007. Sheriff Department personnel could not offer any explanation as to why receipt slips were not issued for these monies.

2. Monies collected are not deposited intact on a timely basis. Monies deposited in January 2008, totaling \$2,539, had been on hand more than one month, with \$388 dating back to April and May 2007. A review of December 2007 deposits revealed only one deposit totaling \$1,669 was made on December 13, 2007. The remaining receipts for December, totaling \$781, were not deposited until January 23, 2008. In addition, only two deposits averaging \$1,044 were made in December 2006.

Because receipts are not deposited timely, disbursements are sometimes made before the corresponding receipt is deposited. On April 11, 2006, the Sheriff received \$84,000 from a partition sale. A check for \$80,045 was issued to the appropriate party and cleared the bank on April 14, 2006, while the \$84,000 receipt was not deposited until April 17, 2006, resulting in the Sheriff's bank account having a negative \$79,099 balance. The Sheriff did not incur any fees for having the negative balance.

To adequately account for collections and reduce the risk of loss or misuse of funds, receipt slips should be issued for all monies immediately upon receipt and reconciled to amounts deposited, and deposits should be made intact on a timely basis. In addition, the composition of the receipts should be reconciled to the composition of deposits and disbursements should not be made until the corresponding receipts have been deposited.

- C. The following concerns were noted during a review of partition sales:
1. The Sheriff retained a total of \$955 from two partition sales during the two years ended December 31, 2007. Attorney General's Opinion No. 108, 1970 to Holman, provides that commissions on partition sales are accountable fees and should be paid into the county's General Revenue Fund. The Sheriff should ensure that all accountable fees withheld from partition sale proceeds are properly disbursed to the county.
  2. The Sheriff withheld \$402 more than allowed in accountable fees from a partition sale. The Sheriff indicated that he had relied on the individual's attorney to calculate the fees. Based on our calculation, the fees in this case should have been \$98. Section 528.610, RSMo, allows commissions of up to 2 percent on the first \$1,000 of the sales amount, 1 percent on all sums over \$1,000 but less than \$5,000, and ½ percent on all sums equal to or greater than \$5,000. This property sold for \$12,500, thus it appears the fee should have been \$98 ( $\$1,000 \times 2\% + \$4,000 \times 1\% + \$7,500 \times 1/2\%$ ). Documentation in the case file incorrectly indicated the Sheriff's commission was 4 percent.

To ensure all accountable fees are properly collected, the Sheriff's Department should calculate the Sheriff's fees on partition sales, retain supporting documentation, and ensure the proper fees are collected and distributed.

- D. The Sheriff stores several old guns in the evidence room that do not have tags identifying the case number or the original owner. According to the Sheriff, these guns were not tagged when he came into office on January 1, 2005. The owners of the untagged property cannot be identified nor can the seized property be identified to a specific case.

Section 542.301, RSMo, states seized property may be ordered sold or destroyed by a judge if that seized property has ceased to be useful as evidence. Proper disposal of such items would eliminate the significant risks of unauthorized access, use, or theft, and the related potential liability of the county for such possible improper access or use.

**WE RECOMMEND** the Sheriff:

- A. Segregate the duties of receiving, recording, depositing, and disbursing monies. If segregation of duties is not possible, at a minimum, a supervisory review of the office manager's work should be performed and documented.
- B. Ensure receipt slips are issued for all monies immediately upon receipt and deposits are made intact on a timely basis. In addition, the composition of

receipts should be reconciled to the composition of deposits and disbursements should not be made until the corresponding receipts have been deposited.

- C. Review the calculation of the partition sale fees and return any monies to be redistributed as appropriate. In addition, the Sheriff should ensure all fees from future sales are properly computed, documentation is maintained to support the calculation, and the fees are turned over to the county.
- D. Make timely and appropriate dispositions of seized property.

**AUDITEE'S RESPONSE**

*The Sheriff indicated:*

- A&B. These recommendations have already been implemented. The Detention Center supervisor signs off on bank reconciliations.*
- C. I will stick to statute 528.610 which says the Sheriff can keep fees collected from partition sales. I will also contact the Missouri Sheriff's Association to see how this should be handled.*
- D. I feel like these guns need to be held indefinitely in case they are ever needed for an old case.*

**AUDITOR'S COMMENT**

- C. Attorney General's Opinion No. 108, 1970, to Holman, concludes, "It is therefore the opinion of this office that the provisions of Senate Bill No. 165 of the 75th General Assembly (Sections 57.407 and 57.409, V.A.M.S.) providing that sheriffs of the third and fourth class counties must pay all fees collected by him in civil matters and which were previously retainable by him into the county treasury apply to commissions earned and received by said sheriffs pursuant to the provisions of Section 57.280 and Section 528.610, RSMo 1959, relating respectively to receiving and paying moneys on executions and to sale of real estate for partition purposes, and such commissions must be paid into the county treasury by such officers."

<b>9. Public Administrator's Accounting Controls and Procedures</b>
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Annual and/or final settlements are not filed in a timely manner, documentation of bank reconciliations is not maintained, and fees are not assessed against estates as required.

The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. During the years ended December 31, 2007 and 2006, the Public Administrator maintained bank accounts for 25 wards.

- A. Annual and/or final settlements are not filed in a timely manner. No annual settlements have been filed for 2006 and 2007. The Public Administrator has not filed final settlements for four decedent estates; these wards have been deceased from six months to three years. In addition, the Probate Court has not notified the Public Administrator to file the settlements in a more timely manner.

Section 473.540, RSMo, requires settlements to be filed annually and Section 475.290, RSMo, requires final settlements to be filed within sixty days of termination of the estate. Failure to file settlements on a timely basis for review by the Associate Circuit Judge increases the risk that errors or misuse of funds could go undetected.

- B. Bank reconciliations are not formally prepared and retained. The Public Administrator indicated he performs monthly bank reconciliations for each ward; however, the reconciliations are done on the computer system and the reconciliation is not printed or saved on the computer. Thus, no documentation of the reconciliation is maintained.

Monthly bank reconciliations are necessary to ensure bank accounts are in agreement with the accounting records and to detect errors on a timely basis.

- C. Fees are not withheld from estates. State law allows fees to be withheld and turned over to the county's General Revenue Fund when the Public Administrator receives a salary from the county. The Associate Circuit Judge indicated that most estates do not have enough income to afford fees; however, during a review of specific estates, several estates appeared to have enough monies to begin charging and collecting fees. The Associate Circuit Judge and Public Administrator should develop a written policy detailing when a fee should be applied or when a different fee basis should be used to determine the fee charged to an estate.

**WE RECOMMEND** the Public Administrator:

- A. And the Associate Circuit Judge ensure annual and/or final settlements are filed on a timely basis. In addition, the Associate Circuit Judge and the Probate Clerk should implement procedures to notify the Public Administrator when a settlement is due.
- B. Retain documentation of monthly bank reconciliations.
- C. And the Associate Circuit Judge develop written guidelines that identify the process for charging fees on estates.

## **AUDITEE'S RESPONSE**

*The Public Administrator and Associate Circuit Judge indicated:*

- A. *We are trying to be more timely with filing annual settlements and are currently in the process of getting caught up.*
- B. *We have already implemented this recommendation.*
- C. *Estates will be reviewed to determine whether fees can be collected.*

<b>10. Senate Bill 40 Board</b>
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The Senate Bill 40 Board's budgetary practices are in need of improvement. Bids were not solicited for a \$28,000 sawdust trailer, approval of bills is not documented, and invoices are not always canceled upon payment. In addition, meeting notices and agendas are not prepared for regularly scheduled board meetings and the minutes are not signed. The board received approximately \$205,000 and \$152,000 in property taxes and interest for the years ended December 31, 2007 and 2006, respectively.

A. The following concerns with the board's budgets were noted:

- 1. The Senate Bill 40 Board has continued to accumulate a significant cash reserve without any documented specific plans for its use. The board had a cash balance of \$1,260,859 and \$1,203,891 at December 31, 2007 and 2006, respectively. The board consistently spends less than they receive in property taxes each year.

In our audit report eight years ago, the board indicated excess reserves were being set aside to purchase a group home; however, such plans were not clearly documented. In our prior audit report four years ago, the board stated it would start documenting plans for the reserves in the budget; however, this was not done. This condition has been noted in our audit reports for over ten years.

Chapter 50, RSMo, requires the preparation of annual budgets for all funds which should present a complete financial plan for the ensuing year. Accurate and complete budgets, in addition to meeting statutory requirements, can serve as a means to evaluate financial resources and effectively monitor actual costs by periodically comparing budgeted costs to actual expenditures. Additionally, the board should determine future needs and consider reducing the tax levy.

- 2. Budgets prepared by the Senate Bill 40 Board were not accurate. The 2007 and 2006 actual property tax revenue amounts reported were



understated by \$44,041 and \$33,280, respectively. A county official indicated actual revenues were understated due to the prior board not depositing property tax checks from the county in a timely manner and due to numerous errors made by the prior board when preparing the budgets. For the budget documents to be of maximum assistance to the board and to adequately inform county residents of the board's operations and current financial position, the budget documents should be complete and accurate.

3. Actual disbursements exceeded budgeted amounts for the year ended December 31, 2006, by \$22,519. There were no formal budget amendments filed. In addition, there is no evidence that a periodic comparison of budget to actual activity is performed.

It was ruled in *State ex. rel. Strong v. Cribb*, 364 Mo.1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. To ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

- B. Bids were not obtained for a sawdust trailer purchased for \$28,000 for a local organization. According to the Board Treasurer, the board does not solicit bids; the organization requesting payment is supposed to solicit bids. Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 (\$6,000 as of August 2007) or more from any one person, firm, or corporation during any period of ninety days. Routine use of a competitive procurement process for major purchases ensures the board has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in board business. The board should require each organization to submit bid documentation for review before the purchase is made. Documentation of the various proposals received, and the board's selection process and criteria should be retained to demonstrate compliance with state law and support decisions made.
- C. The Senate Bill 40 Board does not document its approval of bills. The minutes only indicate that the board approved all of the bills. A list of approved bills is not included with the minutes. By signing the minutes and including a list of approved bills with the minutes, the board would document its approval of the list of bills for payment. In addition, invoices are not always marked as paid or otherwise canceled upon payment. Canceling invoices reduces the likelihood of duplicate payments.

- D. Copies of meeting notices and agendas were not maintained. A board member indicated that meeting notices and agendas are only prepared for meetings with special speakers, not for regularly scheduled board meetings. The Sunshine Law, Chapter 610, RSMo, requires a posting of the time, date, and place of each meeting along with a tentative agenda of the matters to be discussed. Maintaining a complete file of the meeting notices and tentative agendas would allow the board to demonstrate compliance with the law.
- E. Board meeting minutes are prepared by the Secretary; however, they are not signed by the Secretary and President. The minutes should be signed by the Secretary and President to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

**WE RECOMMEND** the Senate Bill 40 Board:

- A.1. Review the cash balance and consider reducing the property tax levy. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document.
  - 2. Ensure the budget is prepared accurately to reflect the financial activity of the Senate Bill 40 Board and includes all information as required by law.
  - 3. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's Office. In addition, budget to actual comparison reports should be reviewed and used when making spending decisions.
- B. Require organizations to submit bid documentation as part of the competitive procurement process for all major purchases and maintain documentation of decisions made.
- C. Document its review and approval of the bills by including a list of the bills in the official signed copy of the minutes. In addition, the board should ensure the Board Treasurer marks invoices as paid to prevent duplicate payment.
- D. Ensure meeting agendas and notices are prepared, posted, and maintained for board meetings.
- E. Ensure the board minutes are signed by the Secretary upon preparation and the President upon approval.

**AUDITEE'S RESPONSE**

*The Senate Bill 40 Board indicated:*

- A.1. *The Senate Bill 40 Board for years saved the cash reserve in hopes of building a group home in Mississippi County. Over the last two years, the board has done research, and taken surveys and interviews from many individuals and agencies to determine the need for a group home. The result of the board's efforts determined that a group home is not feasible at this time. The board has now spent months researching the possibility of an Adult Day Program instead. The board has visited two of these type programs and is ready to move ahead, but is still in the planning phase. The board has been in touch with an agency that will help the board develop an official business plan and budget for the project within the next couple of months.*

*In addition, the board has entered into two new contracts with the Kenny Rogers Children's Center and the Sikeston Regional Center within the last two years to provide services for the developmentally disabled. The board continues to support the Community Sheltered Workshop whose needs have increased as well.*

2. *The prior board did not intentionally deposit checks in an untimely manner. The board only met once per month, with deposits being made after the meeting. Also, the prior board did not have an appropriate accounting system in place to perform the necessary tasks and budget preparation. The board now has a QuickBooks Accounting Program to correctly post all income and expenses as well as produce reports to compare to the budget.*

*The new treasurer will make more timely deposits on a weekly basis versus the once per month deposits made after the monthly meeting. A summary of the month's deposits will be presented at each meeting.*

3. *The board will in the future file the necessary amendments to the budget in the County Clerk's office should this occur.*

*With the new QuickBooks Accounting Program, periodic comparison of the budget to actual activity will be performed on a quarterly basis.*

- B. *The board was unaware that bids for equipment were necessary for organizations the board supports financially. In the future, the board will notify supported organizations that they must present bids for any equipment or supplies that will be funded by the board for review before any payment will be made. If the organization has not selected the lowest bid, the board will ask for supporting documentation as to why.*

- C. *The board has corrected the error of not documenting the approval of bills, and failing to mark invoices as paid. All bills are now listed in the meeting minutes and signed by the president and secretary of the board. All invoices are marked paid with the corresponding check number and date the bill was paid.*

- D. *The board has corrected the error with the meeting notices and agendas. Meeting notices are provided in the window of the office and posted on the calendar of the Mississippi County website.*

- E. *The board has corrected the error of the board meeting minutes. All board meeting minutes are signed by the secretary and president.*

<b>11. County Collector's Accounting Controls and Procedures</b>
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The County Collector does not refund tax overpayments from the partial payment account on a timely basis and does not have current written agreements with various cities for providing property tax collection services. Surtax and interest collections were improperly distributed for the year ended February 29, 2008, and the 2006 annual settlement was not filed with the County Commission until 2008. In addition, the County Collector does not reconcile the composition of receipts to the composition of the bank deposits.

The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. Property taxes and other monies totaling approximately \$6,914,000 and \$6,614,000 for the years ended February 29, 2008 and 2007, respectively, were collected and distributed.

- A. A separate bank account is maintained by the County Collector to collect and hold partial payments on property taxes. As of February 29, 2008, there was \$1,944 held by the County Collector, which represented overpayments on behalf of various taxpayers. Some of the overpayments date back to 1996.

These old balances create additional and unnecessary record-keeping responsibilities. The County Collector should adopt procedures to routinely follow up on old overpayments and disburse these monies if the owners can be located. If the owners cannot be located or identified, these monies should be disposed of in accordance with state law.

A similar condition was noted in our prior report and the County Collector indicated she was in the process of implementing the recommendation.

- B. The County Collector does not have current written agreements with various cities for providing property tax collection services. The County Collector withholds commissions of 1.5 percent from city tax collections. For the two years ended February 29, 2008, the County Collector received commissions totaling \$7,791 for tax collection services for the various cities. The written agreements with Anniston, Bertrand, and Wyatt were executed in 1990 and contain the incorrect withholding percentage of 5 percent. There are no written agreements with Miner, Wilson City, and East Prairie.

Section 50.332, RSMo, allows county officials, with the approval of the county commission, to perform services for cities that they normally provide to the county for additional compensation. Section 432.070, RSMo, requires all such

contracts be in writing. Current written contracts, signed by the city, the County Collector, and the County Commission should be prepared.

- C. Surtax and interest collections for the year ended February 29, 2008, were improperly distributed among various political subdivisions. The surtax distributions were based on incorrect percentages applied to various political subdivisions. The interest distributions did not include the February tax collections in the calculations. As a result of the improper calculations, various political subdivisions were over or underpaid as follows:

Political Subdivisions	Over (Underpaid)
State	\$ 2
County	17
Library	8
Johnson Grass	3
Health	(961)
Sheltered Workshop	3
Road and Bridge	18
Ambulance	15
Charleston R-1 School District	1,158
East Prairie R-II School District	(2,012)
City of Charleston	1,204
City of East Prairie	550

Section 139.600, RSMo, outlines the procedures to be followed to calculate the percentages for the first and each succeeding year the surtax is imposed. State law and various Attorney General Opinions provide for the allocation of interest to various funds. Because of the improper allocations, political subdivisions have not received the proper amount of surtax and interest collections.

- D. The annual settlement for the year ended February 28, 2006, was not prepared and filed until March 20, 2008. Neither the County Collector nor the County Clerk noticed the settlement had not been completed until the State Auditor's Office requested a copy. To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the County Collector prepare and file annual settlements on a timely basis. Section 139.160, RSMo, requires the County Collector to settle accounts with the County Commission by the first Monday of March of that year.
- E. The County Collector accepts cash, checks, and money orders for the payment of property taxes. The computer generated daily tax receipts report does not indicate the method of payment for individual receipts. As a result, the County Collector cannot and does not reconcile the composition of tax receipts to the composition of bank deposits.

To properly reconcile receipts to deposits and ensure all monies are deposited intact, the method of payment should be indicated on the computer generated daily receipt report and the composition of receipts should be reconciled to the composition of deposits.

A similar condition was noted in our prior report.

**WE RECOMMEND** the County Collector:

- A. Establish procedures to routinely follow up on and disburse old overpayments. If the owner cannot be located, these monies should be disposed of in accordance with state law.
- B. Work with the County Commission to obtain current written agreements with the cities for tax collections.
- C. Ensure future distributions of surtax and interest collections are properly calculated. In addition, adjustments should be made to future distributions to correct the errors noted.
- D. Prepare and file annual settlements in a timely manner.
- E. Indicate the method of payment on the computer generated daily receipt report and reconcile the composition of receipts to the composition of bank deposits.

**AUDITEE'S RESPONSE**

*The County Collector indicated:*

- A. *This recommendation has already been implemented.*
- B. *I will get current written agreements with the cities.*
- C. *This recommendation will be implemented during the next interest distribution. Surtax adjustments have already been made.*
- D. *This was an unusual circumstance and will not happen again.*
- E. *I will discuss this recommendation with the computer programmer.*

**12.**

**Juvenile Office Procedures**

The Juvenile Office does not analyze incarceration costs to determine if amounts billed to other entities adequately recover all costs. In addition, the office does not maintain accounts receivable records or have a written agreement with Scott County for the

housing of juveniles. Receipts for the boarding of juveniles totaled approximately \$161,000 and \$130,000 for the years ended December 31, 2007 and 2006, respectively.

The Juvenile Detention Center was established to house juveniles located in Mississippi County. The center also houses juveniles for the Division of Youth Services (DYS) and other Missouri and Illinois counties. The various entities are billed for these services. In addition, parents are billed for a portion of Mississippi County juveniles' incarceration costs.

The Juvenile Office bills the DYS \$50, Cape Girardeau County \$60, New Madrid and Pemiscot counties \$45, Scott County \$32, Alexander County, Illinois \$80, and parents \$30 a day for each juvenile housed in the center. The state is billed \$14 a day for each juvenile from the Thirty-Third Judicial Circuit (Mississippi and Scott Counties). The current rates have been in effect since 2004. Documentation could not be provided to show how the various rates were determined. The Juvenile Office has written contracts with all entities they house juveniles for except Scott County.

Further, the Juvenile Office secretary indicated that only a small portion of the amounts billed to parents are collected, resulting in increased costs to the county. The office does not maintain accounts receivable records for amounts owed by parents. One bill is sent to parents and no follow up work is performed. The Juvenile Office secretary estimated that Mississippi County parents owe approximately \$70,000 to the county.

By establishing billing rates that are not based on the actual cost of the boarding services to the county, it is possible that the county is subsidizing the costs to house other political subdivisions' juveniles. To ensure the Juvenile Office is billing at a rate that adequately recovers all costs, incarceration costs should be analyzed periodically and compared to billing rates. In addition, procedures should be established to track and collect amounts owed to the county by parents. Also, Section 432.070, RSMo, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents.

**WE RECOMMEND** the Juvenile Office work with the County Commission to periodically review the cost of boarding juveniles and establish a billing rate for other political subdivisions that is sufficient to recover the cost of housing juveniles at the detention center. In addition, the office should maintain accounts receivable records for amounts owed to the county and obtain a written contract with Scott County for the boarding of juveniles.

## **AUDITEE'S RESPONSE**

*The Juvenile Detention Center Supervisor and Juvenile Court Administrator indicated:*

*There is now a written contract with Scott County. A cost analysis will be performed and billing rates will be evaluated. We will discuss accounts receivable with the County Commission regarding record keeping and collection procedures.*

*The County Commission indicated:*

*We will work with the Juvenile Detention Center in determining actual costs of incarceration of juvenile detainees and establish billing rates for other political subdivisions that, at a minimum, recover Mississippi County's actual costs of incarceration of juvenile detainees.*

### **13. Prosecuting Attorney's Accounting Controls and Procedures**

Accounting and bookkeeping duties are not adequately segregated and receipts are not deposited on a timely basis. Money orders are not restrictively endorsed and receipt slips are not issued immediately upon receipt. The Prosecuting Attorney's office collected bad check restitution and fees of approximately \$11,700 in both 2007 and 2006.

- A. Accounting and bookkeeping duties are not adequately segregated. One individual is responsible for receiving, depositing, and disbursing bad check monies and preparing monthly bank reconciliations. While the Prosecuting Attorney documents his review of the monthly bank reconciliation, he does not perform periodic reviews of the bad check log.

Internal controls would be improved by segregating the duties of receiving and disbursing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Receipts are not deposited on a timely basis. Deposits are made once a month. The average deposit for four months reviewed was \$658. In addition, money orders are not restrictively endorsed and receipt slips are not issued until the deposit is prepared. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited on a timely basis. In addition, money orders should be restrictively endorsed and receipt slips issued immediately upon receipt.

Similar conditions were noted in our prior report.

**WE RECOMMEND** the Prosecuting Attorney:



- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented on the bad check log.
- B. Deposit all monies intact on a timely basis and ensure money orders are restrictively endorsed and receipt slips issued immediately upon receipt.

**AUDITEE'S RESPONSE**

*The Prosecuting Attorney indicated:*

- A. *We will implement this recommendation.*
- B. *We will consider depositing on a weekly basis. We will restrictively endorse money orders immediately.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

MISSISSIPPI 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 Mississippi 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. Capital Assets

The county did not establish a written policy related to the handling and accounting for capital assets. In addition, the county had not performed a physical inventory of its capital assets since June 2002, capital purchases were not recorded on a timely basis, and no one ensured capital asset purchases made from special revenue funds controlled by the officeholders were included on the listing.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for capital assets. In addition to providing guidance on accounting and record keeping, the policy should include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with county property. In addition, equipment purchases should be reconciled to capital asset additions on a periodic basis.

Status:

Partially implemented. The County Commission has established a written policy for the handling and accounting of capital assets; however, equipment purchases are not reconciled to capital asset additions. See MAR finding number 5.

2. Statutory Salaries

The county could not provide statutory authority for the salary payments to the County Clerk above the \$37,917 authorized by the Mississippi County Salary Commission.

Recommendation:

The County Commission review this matter with their legal counsel to determine if paying the County Clerk additional salaries is in compliance with RSMo.

Status:

Partially implemented. The County Commission consulted with their legal counsel; however, they did not comply with his legal opinion. See MAR finding number 1.

3. Sheriff's Commissary Account

- A. Approximately \$40,925 was missing from the Commissary Account. While it appeared additional monies could also have been missing, the amount could not be identified due to inadequate records. In addition, some monies collected were not deposited and receipt records did not clearly document what was being deposited.
- B.1. Phone commissions paid to the county were not reconciled to the phone card sales reports. Approximately \$22,857 was due to the county in phone card sales commissions.
  - 2. Prenumbered receipt slips were not issued for the monies received for phone card sales. There was no documentation indicating monies transmitted to the Jail Assistant for deposit were reconciled with the accompanying phone card sales reports. In addition, there was no documentation of the transfer of phone monies between the various jail employees.
- C.1. The Detention Center did not have a system for tracking the profit or loss from the sale of commissary items or for recording sales. Proceeds from the commissary were deposited into the Commissary Account and were used to replenish inventory and for miscellaneous jail costs.
  - 2. The Detention Center did not maintain a running inventory of commissary items.
  - 3. One check was written to the Jail Administrator for \$500; however, documentation was not filed to show who received the monies or how they were spent. According to the Jail Administrator, the \$500 was used to cover travel expenses of other jail employees.
- D. Deposits were not made intact on a timely basis.
- E.1. Bond records were not adequate to readily determine the disposition of the bond.
  - 2. Bond forms were not issued by the Detention Center for some bonds. In addition, pertinent bond information such as an address, telephone number, and the court's name and address was not documented on the receipt slips issued.
  - 3. There was no oversight or adequate segregation of duties over bonds.

Recommendation:

The Sheriff:

- A. Review this situation and take necessary action to recover the missing monies. In addition, all monies received should be immediately recorded in the receipt records and deposited. Also, receipt records should clearly document what is being deposited and be reconciled to the deposits.
- B.1. Ensure phone commissions are paid to the county and agree with the phone sales reports.
  - 2. Ensure prenumbered receipts slips are issued for all monies received, a documented reconciliation of phone sales reports to monies deposited is performed, and the transfer of monies between the various jail employees is adequately documented.
- C.1. Develop records to adequately track profits or losses on the commissary operations and turn all profits over to the County Treasurer as accountable fees. In addition, invoices for the replenishment of the commissary inventory and other miscellaneous purchases should be paid by the county.
  - 2. Ensure perpetual inventory records are maintained and are periodically reconciled to a physical inventory.
  - 3. Disburse all commissary monies to the county, and ensure all jail expenses are paid through normal county procedures. In addition, all travel related expenses should be submitted to the county for payment as required by policy.
- D. Ensure deposits are made daily or when receipts exceed \$100 and monies on hand are maintained in a secure location until deposited.
- E.1. Ensure bond records are adequate to allow the disposition of bonds to be readily determined.
  - 2. Utilize a bond form for all bonds received and ensure sufficient bond information is recorded, such as a bond number, the owner's name, address, telephone number, and court name and address.
  - 3. Segregate the duties of receiving, depositing, recording, and disbursing bond monies.

Status:

- A. Partially implemented. The missing monies were investigated resulting in charges being filed, and later dropped, against an employee in the Sheriff's Office. However, monies are not immediately deposited and receipts are not reconciled to deposits. See MAR finding number 7.

- B.1  
&E. Implemented.
- B.2. Partially implemented. A documented reconciliation of phone card sales is performed; however, the transfer of monies between various jail employees is not adequately documented. Although not repeated in the current MAR, our recommendation remains as stated above.
- C.1. Partially implemented. Invoices for the commissary inventory are paid by the county; however, profits or losses on the commissary operations are not adequately tracked and all profits are not turned over to the County Treasurer. See MAR finding number 7.
2. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.
3. Partially implemented. All travel related expenses are submitted to the county. However, all commissary monies are not disbursed to the county. See MAR finding number 7.
- D. Partially implemented. Deposits are kept in a secure location; however, deposits are not made timely. See MAR finding number 7.

4. Detention Center's Accounting Controls and Procedures

Adjustments made to board billings and the reasons for the adjustments were not adequately documented.

Recommendation:

The Sheriff ensure the reasons for adjustment to board bills are clearly documented.

Status:

Implemented.

5. Sheriff's Inmate Account

- A. The Inmate Bank Account was not reconciled with the individual inmate account balances.
- B. Prenumbered receipt slips were not issued for monies received. In addition, the transfer of monies between the mail clerk and the account custodian was not clearly documented.

- C. There was no documentation to support three checks made payable to the Jail Administrator totaling \$1,347, issued in March and April 2002.
- D. Monies were disbursed to inmates in cash during the two years ended December 31, 2003.

Recommendation:

The Sheriff:

- A. Ensure the individual prisoner account balances are reconciled to the reconciled bank balances of the Inmate Account on a monthly basis.
- B. Ensure prenumbered receipt slips are issued for all monies received and the transfer of monies between the mail clerk and the account custodian is clearly documented.
- C. Ensure vendor invoices or other supporting documentation is maintained for all disbursements.
- D. Ensure all monies received are deposited to the Inmate Bank Account and disbursed by check.

Status:

- A&D. Not implemented. See MAR finding number 7.
- B. Partially implemented. Prenumbered receipt slips are issued; however, the transfer of monies between employees is not clearly documented. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented.

6. Detention Center Payroll

- A. The Detention Center spent excessive amounts on overtime for prisoner transportation services that were not recouped through its contracts for board of prisoners.
- B. Salary payments did not agree to time records for some employees. The reasons for the adjustments or differences were not documented.
- C. There was no segregation of duties over payroll and personnel changes at the Detention Center.

Recommendation:

The County Commission and Detention Center:

- A. Review prisoner board contracts to ensure the county recoups any transportation costs incurred.
- B. Ensure amounts paid agree to the time records and are in compliance with county policy. In addition, any adjustment to time records should be clearly documented.
- C. Ensure adequate segregation of duties exists between payroll and personnel changes.

Status:

A&C. Implemented.

- B. Partially implemented. Adjustments to time records are now documented; however, amounts paid are not agreed to time records, which resulted in overpayments to some deputies. See MAR finding number 3.

7. Circuit Clerk's Accounting Controls and Procedures

- A. Three bonds totaling \$1,586 could not be accounted for properly. The receipt slips issued by the Sheriff's Department were signed by a Circuit Clerk employee indicating receipt of the bonds; however, these bonds were not receipted by the Circuit Clerk's office and could not be located in their system. The case file and ticket information of the bonds could not be located by the Circuit Clerk's office.
- B. There was no oversight or adequate segregation of duties for fees and fines collected. Manual receipt slips issued were not reconciled with daily cash reports. In addition, some monies on hand were not stored in a secure location.
- C. The Circuit Clerk did not establish adequate procedures to ensure bank accounts were sufficiently collateralized.

Recommendation:

The Circuit Clerk:

- A. Investigate the missing bond monies and take appropriate action. Establish procedures to record and account for all bond monies received from the sheriff's department by issuing a prenumbered receipt.
- B. Ensure accounting duties of receipting, depositing, and disbursing monies are adequately segregated. At a minimum, there should be a documented supervisory review of receipt slips issued to amounts deposited and of the bank reconciliation. In addition, receipts should be properly accounted for and stored in a secure location.



- C. Establish procedures to monitor and ensure adequate collateral securities are pledged at all times.

Status:

- A. Implemented. The former Circuit Clerk indicated she had turned this over to the Missouri State Highway Patrol for investigation.

B&C. Implemented.

8. Ticket Accountability

The Prosecuting Attorney's office did not account for the numerical sequence of tickets received.

Recommendation:

The Prosecuting Attorney work with the Sheriff's office to ensure records are maintained to account for the numerical sequence and ultimate disposition of all tickets issued.

Status:

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

9. Prosecuting Attorney's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. An adequate system to account for all bad checks received by the Prosecuting Attorney's office, as well as the subsequent disposition of those bad checks, had not been established.
- C. Bad check complaints and payments were not always processed in a timely manner.
- D. Receipts were not deposited on a timely basis. Deposits were made approximately once every three months with average receipts of approximately \$1,000. Checks and money orders were not restrictively endorsed immediately upon receipt.

Recommendation:

The Prosecuting Attorney:

- A. Ensure adequate segregation of duties exists between accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the work performed.

- B. Implement procedures to adequately account for bad checks received, as well as the ultimate disposition, through the use of sequential numbers assigned to each bad check complaint form or bad check received and a log to account for the numerical sequence and disposition of each bad check.
- C. Ensure bad check complaints and payments are processed on a timely basis.
- D. Deposit all monies intact daily or when accumulated receipts exceed \$100 and ensure checks and money orders are endorsed immediately upon receipt.

Status:

A&D. Not implemented. See MAR finding number 13.

B&C. Implemented.

10. Recorder of Deeds' Accounting Controls and Procedures

- A. The Recorder of Deeds did not have current written agreements for providing copies to abstract companies. In addition, various rates were charged for these services.
- B. The Recorder of Deeds accepted cash, checks, and money orders for the payment of fees; however, the method of payment received was not recorded in the accounting records. As a result, the composition of receipts could not be reconciled to the composition of deposits.

Recommendation:

The Recorder of Deeds:

- A. Enter into written contracts that specifically state the services to be provided and the fees to be collected for the services rendered. In addition, the Recorder of Deeds and the County Commission should develop written procedures dictating how copies of recorded documents will be sold and the amount that will be charged.
- B. Indicate the method of payment received in the accounting records and reconcile the composition of monies received to the composition of the bank deposits.

Status:

Implemented.

11. Collector's Accounting Controls and Procedures

- A. A separate bank account was maintained by the Collector to collect and hold partial payments on property taxes. As of December 31, 2003, there was approximately \$1,740 held by the Collector which represented overpayments on behalf of various taxpayers. Some of these overpayments dated back to 1996.
- B. The method of payment was not always indicated on the tax receipts and, as a result, the composition of the tax receipts could not be reconciled to the composition of deposits.

Recommendation:

The Collector:

- A. Establish procedures to routinely follow up on and disburse outstanding overpayments. If the owners cannot be located, these monies should be disposed of in accordance with state law.
- B. Ensure the method of payment received is indicated on the tax receipts and reconcile the composition of the tax receipts to the composition of the bank deposits.

Status:

- A. Not implemented. See MAR finding number 11.
- B. Partially implemented. The method of payment received is indicated on the tax receipts; however, the composition of the tax receipts is not reconciled to the composition of the bank deposits. See MAR finding number 11.

12. Health Center

- A. The Health Center did not establish adequate procedures to ensure bank accounts were sufficiently collateralized.
- B. The duties of receiving, recording, and depositing monies were all performed by the office secretaries and transactions were not reviewed for accuracy by a supervisor.
- C. Deposits were not made timely and checks were not immediately endorsed upon receipt. In addition, receipt slips were not issued in sequential order.
- D. The Health Center did not adequately monitor vacation, sick, and compensatory leave balances of its employees. In addition, overtime and compensatory time was not earned at time and a half for covered employees as required.

Recommendation:

The Health Center:

- A. Develop procedures to monitor and ensure adequate collateral securities are pledged at all times.
- B. Ensure accounting duties are adequately supervised and periodic supervisory reviews are performed and documented.
- C. Ensure deposits are made timely, checks are restrictively endorsed upon receipt, and receipt slips are issued in sequential order.
- D. Ensure that employee leave earned, taken, and the accumulated balances are reported accurately. In addition, overtime and compensatory time should be paid or accumulated in accordance with FLSA requirements.

Status:

The Health Center was not included in the scope of the current Mississippi County audit pursuant to Attorney General's Opinion No. 87, 2007, to Montee.

13. Senate Bill 40 Board

- A. The Senate Bill 40 Board did not maintain minutes of its board meetings.
- B. A detailed investment ledger was not maintained by the board to monitor certificate of deposit investments.
- C. The Senate Bill 40 Board accumulated a significant cash reserve which was not properly reflected on its annual budget. In addition, the budget did not indicate the board's plans for this balance.

Recommendation:

The Senate Bill 40 Board Trustees:

- A. Ensure minutes are prepared, approved, and maintained for all meetings, including closed meetings and committee meetings.
- B. Ensure an investment ledger is maintained.
- C. Prepare budgets in accordance with state law and ensure all available resources of the board are reported. In addition, the board should review the cash balance and consider reducing the property tax levy. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document.

Status:

A&B. Implemented.

C. Partially implemented. The budget includes all available resources of the board; however, the plans made for the use of the accumulated fund balance are not included in the budget document. See MAR finding number 10.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

MISSISSIPPI COUNTY  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Mississippi County is a county-organized, third-class county and is part of the Thirty-Third Judicial Circuit. The county seat is Charleston.

Mississippi 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 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 county's population was 13,437 in 2000. The assessed valuation for the year ended December 31, 2007, was:

Real estate	\$ 85,877,210
Personal property	35,512,175
Railroad and utilities	11,459,706
Total	<u>\$ 132,849,091</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. 2007-091.

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

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ .0050	None	50	%
General	.0050	None	None	
Law enforcement	.0050	None	None	
Senior citizens	.0025	None	None	

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

Officeholder	2008	2007
<b>County-Paid Officials:</b>		
Jim Blumenberg, Presiding Commissioner		27,025
Homer D. Oliver, Associate Commissioner		25,026
Martin Lucas, Associate Commissioner		25,026
Judy Rolwing, Recorder of Deeds		39,520
Hubert DeLay, Jr., County Clerk (1)		56,448
Darren Cann, Prosecuting Attorney		58,260
Keith Moore, Sheriff		41,909
Sandra B. Morrow, County Treasurer (2)		45,600
Terry Parker, County Coroner		10,976
Richard "Rick" Reed, Public Administrator		20,600
Faye Elliott, County Collector (3), year ended February 28 (29),	52,783	
W.R. "Bill" Thompson, County Assessor (4), year ended August 31,		38,605

- (1) Includes \$3,991 and \$998 annual compensation for serving as secretary for the Johnson Grass Board and the Road and Bridge Department, respectively, and \$5,200 annual compensation for serving as Groundskeeper.
- (2) Includes commissions of \$688 for handling the accounts for the Drainage Districts.
- (3) Includes commissions of \$7,871 for collecting drainage and city property taxes.
- (4) Includes \$688 annual compensation received from the state.

**State-Paid Officials:**

Leigh Ann Colson, Circuit Clerk	51,197
T. Lynn Brown, Associate Circuit Judge	101,090

The county entered into a lease agreement with a not-for-profit corporation (NFP) in October 2001. The terms of the agreement called for the NFP to issue bonds of \$2,845,000 for the purpose of constructing a new jail and for the NFP to lease the jail back to the county for payments totaling the principal and interest due on the outstanding bonds. The remaining principal and interest due on the bonds at December 31, 2007, was \$1,564,083 and \$149,083 respectively. The lease will be paid with proceeds from the one-half cent law enforcement sales tax.

At December 31, 2007, the county had bonds payable of \$265,215 consisting of Leasehold Revenue Bonds dated July 1, 1997, to finance the cost of constructing, furnishing and equipping a juvenile detention facility. This project is a portion of the new jail project.



At December 31, 2007, the county had bonds payable of \$125,000 consisting of special limited obligation bonds dated May 1, 1999, to finance the costs to repair and restore a main drainage ditch, three lateral ditches and one sub-lateral ditch located in county Drainage District No. 23. Bond principal is due annually on March 1 at a rate not to exceed six percent. Revenue collected from property taxes are used to fund these bond payments.

## APPENDIX

MISSISSIPPI COUNTY  
Appendix

The following table lists all the unaccounted for receipts collected by the Detention Center between October 2006 and December 2006.

Receipt Slip Number	Date Issued	Amount
1710	12/28/06	\$ 20.00
1723	12/28/06	10.00
1731	12/29/06	30.00
1732	12/29/06	50.00
1733	12/29/06	10.00
1734	12/29/06	20.00
2025	11/06/06	95.00
2031	11/08/06	60.00
2075	11/17/06	10.00
2085	11/20/06	188.00
2086	11/16/06	220.00
2220	12/03/06	66.00
2222	11/30/06	120.00
2223	11/30/06	4.61
2224	11/30/06	53.00
3903	10/04/06	411.00
3921	10/06/06	10.00
3924	10/06/06	13.58
3929	10/07/06	234.50
3955	10/10/06	54.55
3970	10/11/06	60.00
3996	10/13/06	1.00
5502	10/14/06	5.00
5504	10/15/06	12.20
5515	10/16/06	10.00
5522	10/16/06	87.00
5545	10/18/06	160.00
5547	10/18/06	227.00
5548	10/18/06	150.00
5581	10/20/06	100.00
5586	10/21/06	2.96
5600	10/23/06	25.00
5603	10/23/06	32.00
5622	10/25/06	17.29
5631	10/26/06	78.48
5645	10/28/06	10.02
5690	10/31/06	20.00
5720	11/06/06	4.87
5787	11/10/06	20.00
6339	12/11/06	110.00
6396	12/16/06	16.25
6479	12/22/06	30.00
	Total	\$ <u>2,859.31</u>