



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of New Madrid County

Payroll Controls and Procedures	Monthly reports and payroll tax withholdings totaling \$382,047 were not received by the Department of Revenue for 62 months, starting in April 2013, resulting in the county paying \$51,333 in interest costs. The County Clerk has not adequately segregated payroll duties and no one performs an independent or supervisory review of detailed payroll records. County officials did not always follow established written personnel policies regarding vacation and sick leave, and have not established personnel policies addressing the use of compensatory time used in excess of available balances. The County Clerk's office does not ensure timesheet calculations prepared by other officials are accurate and did not compensate some employees for overtime in compliance with its overtime policy.
County Controls and Procedures	The County Commission's review and approval process for disbursements is not documented. The signature stamp containing the signatures of both the County Clerk and the County Treasurer is not adequately controlled. The County Treasurer has not established procedures to routinely follow up on outstanding checks in the County Treasurer's bank account. As of April 30, 2019, 4 Automated Clearing House (ACH) transactions and 56 checks totaling \$218,744 had been outstanding for over one year, with the oldest check dating back to 2013. Of this amount, 31 checks totaling \$209,945 were related to state payroll tax withholdings. Neither the County Clerk nor the County Commission adequately review the financial activities of the County Treasurer.
Sheriff's Controls and Procedures	The Sheriff has not adequately segregated accounting duties or performed adequate supervisory reviews of detailed accounting and bank records. The Office Manager does not prepare bank reconciliations or maintain a running book balance for the Sheriff's bank account. In addition, monthly lists of liabilities are not prepared to reconcile to the available cash balances. Procedures for receipting, recording, and depositing need improvement. The Sheriff does not have controls and procedures in place to ensure collection of amounts billed for inmate transportation reimbursement or transmittal of amounts received.
Prosecuting Attorney's Controls and Procedures	The Prosecuting Attorney has not adequately segregated accounting duties or performed supervisory reviews of accounting records and transmittals. Additionally, both the Office Manager and Child Support Clerk have the ability to issue receipt slips and also record adjustments to defendant accounts in the computerized accounting system with obtaining independent approval. The Office Manager does not transmit fees monthly to the County Treasurer as required by state law.
Tax Maintenance Fund	A \$40,000 transfer made from the Tax Maintenance Fund in 2019 was not in compliance with uses allowed by state law.
County Clerk's Controls and Procedures	Controls and procedures over receipts and transmittals in the County Clerk's office need improvement. At least \$99 was not transmitted to the County Treasurer during 2019 and is missing.

Electronic Data Security	The County Clerk has not fully established controls for maintaining user accounts for accessing system resources. The County Assessor, County Clerk, Sheriff, and Recorder of Deeds have not established adequate password controls to reduce the risk of unauthorized access to computers and data.
Sunshine Law	The county's procedures for complying with the Sunshine Law and maintaining minutes of meetings need improvement.
Electronic Communication Policies	The county has not developed records management and retention policies in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.
Senate Bill 40 Board Cash Reserves	The Senate Bill 40 Board has accumulated a significant cash reserve without any specific plans for its use.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

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

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.



Recommendations in the audit of New Madrid County

Payroll Controls and Procedures

The County Clerk:

- 1.1 Ensure state payroll tax withholdings are remitted and monthly reports are filed timely with the DOR as required by state law.
- 1.2 Segregate payroll duties or ensure documented supervisory reviews of detailed payroll records are performed.
- 1.3 And the County Commission ensure compliance with personnel policies, review and update personnel policies as necessary, and discontinue allowing employees to carry negative leave balances.
- 1.4 Ensure the accuracy of timesheet calculations. The County Clerk and County Commission should ensure compliance with personnel policies and FLSA requirements.

County Controls and Procedures

- 2.1 The County Commission document review and approval of all disbursements and establish controls over the use of and access to its approval stamp. In addition, the County Clerk and County Treasurer should establish controls over the use of and access to the signature stamp.
- 2.2 The County Treasurer establish procedures to routinely investigate outstanding checks and ACH transactions. Old outstanding checks should be voided and reissued to payees that can be readily located. If payees cannot be located, the monies should be disposed of in accordance with state law.
- 2.3 The County Clerk and County Commission perform documented reviews of bank reconciliations and monthly settlements prepared by the County Treasurer.

Sheriff's Controls and Procedures

The Sheriff:

- 3.1 Segregate accounting duties or ensure adequate independent or supervisory reviews of detailed accounting and bank records are performed and documented.
- 3.2 Ensure monthly bank reconciliations are performed, a running book balance is maintained, and lists of liabilities are prepared and reconciled to the available cash balance monthly. Any differences should be promptly investigated and resolved.
- 3.3 Issue receipts slips for all monies received, indicate the method of payment on all receipt slips, and reconcile the composition of receipts to the composition of deposits. In addition, ensure all monies are deposited timely and prior to the related disbursements.

	3.4 Establish procedures to ensure collection of inmate transportation reimbursements and transmittal of payments received.
Prosecuting Attorney's Controls and Procedures	<p>The Prosecuting Attorney:</p> <p>4.1 Segregate accounting duties or ensure adequate independent or supervisory reviews of accounting records are performed and documented. In addition, the Prosecuting Attorney should require a supervisory review and approval for all accounting adjustments.</p> <p>4.2 Transmit all fees monthly to the County Treasurer.</p>
Tax Maintenance Fund	The County Collector ensure disbursements from the Tax Maintenance Fund are in compliance with statutory provisions, and the County Commission reimburse the Tax Maintenance Fund for the improper transfer. In addition, the County Collector should maintain documentation to support all transfers made from the Tax Maintenance Fund.
County Clerk's Controls and Procedures	The County Clerk account for the numerical sequence of receipt slip numbers, and restrictively endorse checks at the time of receipt.
Electronic Data Security	<p>The County Commission work with other county officials to:</p> <p>7.1 Ensure user access is promptly deleted following termination of employment.</p> <p>7.2 Require confidential passwords for each employee that contain a minimum number of characters, and are periodically changed to prevent unauthorized access to county computers and data.</p>
Sunshine Law	The County Commission ensure meeting minutes include all necessary information and are signed by the preparer and the County Commission.
Electronic Communication Policies	The County Commission work with other county officials to develop written records management and retention policies to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.
Senate Bill 40 Board Cash Reserves	The Senate Bill 40 Board work with the County Commission to evaluate funding needs and consider reducing the property tax levy. If plans have been made for expending the accumulated cash balance, such plans should be set forth publicly in the budget document.