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CITIZENS SUMMARY

Findings in the audit of Clay County

Annex Project	The former County Commission did not openly discuss and document key decisions regarding the county annex project, county procurement policies were not followed, and the county allowed one commissioner to approve millions of dollars in contracts related to the project.
Additional Compensation	The former County Commission approved a 2-year employment contract with the former County Administrator and 1-year employment contracts with the former Assistant County Administrators that automatically renewed and included generous severance payments, and the former County Commission executed separation agreements with each of those employees upon their resignation that provided additional severance benefits beyond the benefits outlined in the employment agreements. The county did not comply with Internal Revenue Service guidelines for reporting the value of the rent-free housing fringe benefits as income, and has not established a policy for providing housing to county employees.
Closed Meetings	The county did not fully comply with the Sunshine Law regarding closed commission meetings.
Personnel and Payroll Controls and Procedures	Employee pay rates were not always authorized in the county pay plan and/or documented in employee personnel files, and some employee job titles are not included in the county pay plan. Former county personnel did not always submit employment change forms timely. The county does not ensure supervisors prepare employee performance appraisals in accordance with county policy.
County Contracting and Payment Procedures	The county did not have adequate procedures to verify invoiced prices against contract amounts when the county used either (1) an existing cooperative agreement/contract between the contractor and another government jurisdiction or (2) the county's term and supply contract with a vendor. Written contracts were not entered into timely and county personnel did not obtain sufficient documentation to ensure that a not-for-profit organization used county funds in accordance with contract terms.
Procurement Procedures	The county did not solicit proposals for some professional services as required by county code. County personnel did not maintain adequate documentation to support how they selected the bridge engineering services vendor and did not always comply with county procurement policies regarding the composition of selection committees and the completion of surveys by selection committee members. The county used the same provider to serve as both financial advisor and underwriter for the issuance of the Certificates of Participation.
Expenditures and Purchasing Cards	The county made a \$20,000 prepayment on November 29, 2018, to an information technology service provider but did not ensure the amount was applied to its outstanding balance or used to reduce subsequent payments. The county spent approximately \$5,000 on food purchases for 5 events that may not have been a prudent, reasonable, or a necessary use of county funds, and the county does not have a written employer-provided food policy governing the allowability of events and documentation

requirements. The Highway Department does not reconcile fuel usage to billings. County controls and procedures over purchasing cards need improvement.

Smithville Lake	Parks Office personnel do not always maintain change funds at constant amounts. Parks and Recreation Department practices for providing discounts for Smithville Lake fees are inconsistent or contrary to county ordinance.
Information Technology	The county does not have a plan for resuming normal business operations and recovering computer systems and data in the event of a disaster or other extraordinary situations, does not periodically test for recovery of data from backup files, has not developed records management and retention policies in compliance with published guidance, and has not always retained email and text messages in accordance with requirements.
Contract Approvals and Capital Assets	The County Auditor was unable to review county contracts. The County Auditor did not perform complete annual inventories of county-owned property.
County Boards	Some county boards did not properly prepare or approve meeting minutes. Budgets prepared by various boards did not contain all required elements. The Children's Services Fund Board does not adequately monitor its activities for potential conflicts of interest.
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**.*

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

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



Recommendations in the audit of Clay County

Annex Project	The County Commission openly discuss and maintain adequate documentation to support decisions made, follow county procurement policy, and involve all commissioners in the approval of significant contracts.
Additional Compensation	<p>The County Commission:</p> <p>2.1 Refrain from entering into automatically renewing employment contracts and separation agreements with additional severance amounts, and consider the necessity of severance payments.</p> <p>2.2 If housing for county employees is considered necessary, establish a county housing policy and ensure the housing is properly reported as taxable wages, if applicable. In addition, the County Commission should consult with legal counsel and consider amending previous year employee W-2 forms, as appropriate.</p>
Closed Meetings	The County Commission maintain complete minutes for all closed meetings and ensure only topics allowed by state law are discussed in closed meetings.
Personnel and Payroll Controls and Procedures	<p>The County Commission:</p> <p>4.1 Ensure the compensation for all county employees is approved in the annual pay plan and documentation of cost of living adjustment increases for all county employees are maintained.</p> <p>4.2 Ensure employment changes are timely approved.</p> <p>4.3 Ensure documented performance appraisals are performed in accordance with the established policy or modify the policy.</p>
County Contracting and Payment Procedures	<p>The County Commission:</p> <p>5.1 Ensure amounts paid on cooperative and term and supply contracts are verified per contract terms and adequate supporting documentation is maintained to support those payments. In addition, use change orders and maintain documentation for all significant project changes.</p> <p>5.2 Enter into written contracts timely.</p> <p>5.3 Ensure sufficient documentation is provided to properly monitor contracts and ensure contract provisions are met.</p>
Procurement Procedures	<p>The County Commission:</p> <p>6.1 Solicit professional services in accordance with the county code.</p> <p>6.2 Ensure documentation is maintained in compliance with the county code to support the selection of vendors awards.</p>

- 6.3 Ensure selection committees include the required membership, have the recommended number of members, and members complete surveys as required.
- 6.4 Discontinue using an underwriter who also acts in a dual capacity as financial advisor for debt issuances.

Expenditures and Purchasing Cards

The County Commission:

- 7.1 Follow-up on the \$20,000 prepayment and ensure prepayments are subsequently applied to services received by the county.
- 7.2 Ensure all disbursements are a necessary and prudent use of public funds. In addition, the County Commission should establish a policy regarding food purchases, if such purchases are considered necessary.
- 7.3 Ensure beginning and ending fuel tank balances are documented and reconciled to fuel usage and fuel purchases. Any significant discrepancies should be promptly investigated.
- 7.4 Periodically evaluate the need for each purchasing card issued and adjust employee purchasing card limits as deemed appropriate. In addition, reconsider the need to pay legal expenses and other high dollar invoiced expenses through purchasing cards and update purchasing card guidance to include best practices.

Smithville Lake

The County Commission:

- 8.1 Ensure change funds are maintained at a constant amount.
- 8.2 Review park discount practices and ordinances and revise practices and/or ordinances as necessary.

Information Technology

The County Commission:

- 9.1 Develop a formal, written contingency plan that is periodically tested, evaluated, and updated as needed, including periodic testing of data backups.
- 9.2 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. In addition, retain electronic communications in accordance with these policies.

Contract Approvals and Capital Assets

The County Commission and the County Auditor:

- 10.1 Ensure all contracts are approved in accordance with county code and state law.
- 10.2 Continue to work with the other county officials to ensure complete annual physical inventories are conducted.

County Boards

The County Commission work with the various county boards to:

- 11.1 Ensure minutes are prepared for all meetings and signed.
- 11.2 Prepare annual budgets that contain all information required by state law.
- 11.3 Ensure various boards refrain from activities that could result in the appearance of or actual conflict of interest. Procedures should include educating board members, as needed, on identifying actual or apparent conflicts of interest and how to mitigate them.