



Thomas A. Schweich

Missouri State Auditor

Schuyler County



February 2012
Report No. 2012-09

<http://auditor.mo.gov>



CITIZENS SUMMARY

Findings in the audit of Schuyler County

Payroll Controls and Procedures	As noted in our prior audit report, salaried non-exempt employees do not prepare timesheets, and the County Clerk's office is not notified of actual time worked or leave taken for these employees. The County Clerk does not keep centralized records of employee leave or compensatory time balances, which would help demonstrate compliance with the Fair Labor Standards Act (FLSA) of 1938. The Sheriff's time and leave policies may not comply with the FLSA, as deputies might be entitled to overtime or compensatory time.
Disbursements	Under the current procedures, the Sheriff and one deputy could receive duplicate mileage reimbursement payments. The Sheriff and one deputy use their personal vehicles and are reimbursed each month for mileage, but they are separately reimbursed for mileage incurred to transport prisoners to the Missouri Department of Corrections and to serve court documents. Current procedures do not separately document this mileage, and duplicate mileage payments could occur. As noted in our prior audit report, the County Commission does not require officeholders or supervisors to review invoices or document receipt of goods or services prior to payment.
Road and Bridge	The Road and Bridge Department does not maintain mileage and fuel use logs, and fuel use is not reviewed or reconciled to fuel purchases, which could allow theft or misuse of fuel to go undetected. As noted in our prior audit report, the county needs to improve its procedures for the sale of rock and culverts. Currently, the county has little assurance all materials picked up from the Road and Bridge Department were paid in full or will be billed, which could result in lost revenues.
Capital Assets	As noted in our prior audit report, the county does not regularly update its capital asset records for property purchases and dispositions throughout the year. The county does not complete annual physical inventories or affix asset tags. These steps would help the county comply with state law, which requires counties to account for personal property costing \$1,000 or more.
Sheriff's Controls and Procedures	As noted in our prior audit report, the Sheriff's office does not adequately segregate accounting duties, and the Sheriff performs no supervisory review of accounting records. Receipting and depositing is in need of improvement, as some receipts were not recorded immediately and receipt slips were not issued for some monies received. Recording receipts on a cash control ledger would provide a means for reconciling receipts to deposits and transmittals. At the time of our audit, a bank reconciliation had not been conducted in over 2 years, and a checkbook register balance had not been maintained for months. The office does not prepare a monthly list of liabilities, does not reconcile liabilities to the bank account balance, and could not identify \$874 held in the bank account. The Sheriff does not always transmit fees to the County Treasurer on a timely basis and does not

request or receive receipt slips when bond monies are transmitted directly to the Circuit Clerk. The office does not adequately track or pursue collection of all board of prisoner costs and civil process fees, resulting in lost revenues. The office lacks adequate controls over seized property. All officers have access to the seized property room, there are no procedures to track who enters the room, and no inventory records were maintained until a log of firearms only was prepared in 2011.

**Prosecuting Attorney's
Controls and Procedures**

Accounting duties are not adequately segregated, and adequate supervisory reviews are not performed and documented. The Prosecuting Attorney's office lacks an adequate system for accounting for the receipt and disposition of bad check complaints. Complaint forms are not numbered, separate case files are not prepared for each filing, the same sequence of prenumbered receipt slips is used when a complaint form is received and when payment is received, and monthly transaction ledgers do not allow for adequate tracking when a complaint and the related payment are received in two different months. The office does not always transmit bad check restitution payments to merchants in a timely manner and does not document when merchants are notified to pick up the funds.

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

An additional report, No. 2011-112, *Schuyler County, County Collector and Property Tax System*, was issued in December 2011, which reported missing property tax monies of at least \$568,974.

**American Recovery and
Reinvestment Act 2009
(Federal Stimulus)**

Schuyler County received a \$62,145 Homelessness Prevention and Rapid Re-housing Program grant. The county spent \$15,261 in 2010 to provide homelessness prevention assistance and rapid re-housing assistance.

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

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

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Schuyler County

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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Schuyler County

We have audited certain operations of Schuyler County in fulfillment of our duties under Section 29.230, RSMo. In addition, Nichols, Stopp, & VanHoy, LLC, Certified Public Accountants, was engaged to audit the financial statements of Schuyler County for the 2 years ended December 31, 2010. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2010. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Schuyler County.

An additional report, No. 2011-112, *Schuyler County, County Collector and Property Tax System*, was issued in December 2011.

A handwritten signature in black ink, reading "Thomas A. Schweich". The signature is fluid and cursive, with the first name "Thomas" and last name "Schweich" clearly legible.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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Schuyler County

Management Advisory Report

State Auditor's Findings

1. Payroll Controls and Procedures

Various payroll controls and timekeeping procedures need improvement. During the 2 years ended December 31, 2010, the county incurred approximately \$1.1 million in payroll costs.

1.1 Timesheets and leave records

As similarly noted in our prior report, salaried county employees who are not exempt from overtime requirements of the Fair Labor Standards Act (FLSA) of 1938 do not prepare timesheets. In addition, the County Clerk's office is not notified of actual time worked or leave taken for these individuals. Hourly-paid employees prepare timesheets which are filed with the County Clerk's office.

As a result, except for hourly-paid road and bridge employees, the County Clerk's office does not keep centralized records of employee leave or compensatory time balances. The County Clerk indicated each officeholder is responsible for maintaining these records for employees of their office; however, our review noted the other officeholders do not maintain leave records for their employees.

Detailed timesheets and centralized leave records are necessary to document hours actually worked; provide information necessary to monitor overtime worked and leave and compensatory time use and balances; and are essential in demonstrating compliance with county policy and the FLSA.

1.2 Sheriff employees

The Sheriff's time and leave policies may not comply with the FLSA. While seven dispatchers are paid hourly and prepare timesheets (and are paid overtime for more than 40 hours per week), the Sheriff does not require the two deputies to prepare timesheets or otherwise report total hours worked. The deputies are salaried and, according to Sheriff's office personnel, routinely work more than 40 hours per week or more than 171 hours during a 28-day period; however, the deputies are not paid overtime and do not earn compensatory time.

While the FLSA exempts law enforcement agencies from overtime requirements if there are less than five law enforcement employees during a work week, it appears the dispatchers may qualify as law enforcement employees because they serve as jailers when the Sheriff or deputies are not at the jail. According to 29 CFR § 553.211(f), security personnel in correctional institutions should be included when calculating the number of employees for exemption purposes. The FLSA requires overtime for employees engaged in law enforcement activities be computed based on 171 hours in a 28-day work period. As a result, the Sheriff's policies may not comply with the FLSA and the county could be liable for overtime incurred by the Sheriff's deputies.



Schuyler County
Management Advisory Report - State Auditor's Findings

Recommendations

The County Commission:

- 1.1 Require all county employees to prepare timesheets. These timesheets should be signed by the employee, approved by the appropriate supervisor, and filed with the County Clerk. In addition, centralized leave records should be maintained for all county employees.
- 1.2 And the Sheriff review the Sheriff's time and leave policies to ensure compliance with the FLSA.

Auditee's Response

The County Commission provided the following written response:

- 1.1 *We agree and will implement this recommendation.*
- 1.2 *We will review this issue and consider requesting a legal opinion.*

The Sheriff provided the following response:

- 1.2 *I will review this issue with the County Commission.*

2. Disbursements

Procedures related to some county disbursements are in need of improvement.

2.1 Mileage expenses

Adequate vehicle mileage records are not maintained, and as a result, duplicate payments may be made to the Sheriff and a Sheriff's deputy. The Sheriff and one of the two deputies use their personal vehicles for official duties (the other deputy uses a county-owned vehicle), and are each reimbursed mileage by the county for a monthly maximum of 2,000 miles (currently \$1,100). In addition to the monthly maximum amount, the Sheriff and deputy are reimbursed by the county for mileage incurred for the transportation of prisoners to Missouri Department of Correction facilities (DOC) and for civil process mileage incurred when serving court documents.

Daily, a log documenting beginning and ending odometer readings, total miles driven, and a general description of the purpose for mileage is prepared by the Sheriff and deputy. Our review noted the previous day's ending odometer reading is used as the current day's beginning odometer reading, and all mileage incurred on the personal vehicles is reported as business mileage on these logs. The Sheriff and deputy indicated the personal vehicles are also used for prisoner transportation and civil process, and mileage for these activities is included in the total mileage on the daily logs.



Schuyler County Management Advisory Report - State Auditor's Findings

Each month, a list of the mileage reported on the daily logs is prepared and totaled, and used as documentation to reimburse the Sheriff and deputy for mileage incurred on their personal vehicles (up to the \$1,100 monthly maximum). Because all mileage reported on the daily logs is included on the monthly summary lists, and mileage incurred for prisoner transportation and civil process is not separately identified and removed from the monthly lists, the county may be reimbursing these individuals twice for the same mileage. Because the Sheriff and deputy normally incur more mileage than the \$1,100 monthly maximum, actual duplicate mileage payments appear to be limited; however, the county's current policies and procedures do not prevent duplicate mileage payments from occurring.

Without mileage logs which separately document prisoner transportation and civil process mileage, there is little assurance duplicate mileage payments will be detected.

2.2 Receipt of goods

As similarly noted in our prior report, the County Commission does not require other officeholders or supervisors to review applicable invoices or document receipt of goods or services prior to payment. Proper reviews of bills by officials or employees most knowledgeable of the transactions, comparison of receipts or records of individual transactions to overall month-end bills, and verification of receipt are necessary to ensure the county is paying for legitimate goods or services.

Recommendations

The County Commission:

- 2.1 Work with the Sheriff to ensure mileage records are maintained to prevent duplicate mileage payments for prisoner transportation and civil process.
- 2.2 Ensure receipt of goods or services is documented by the applicable officeholder or employee prior to approving payment.

Auditee's Response

The County Commission provided the following written response:

- 2.1 *The Sheriff's office has already implemented procedures to separately identify mileage for prisoner transportation and civil process. Personal mileage is normally not incurred on the patrol vehicles and will be documented in the future.*
- 2.2 *We agree and will implement this recommendation.*

3. Road and Bridge

Our review noted concerns related to county road and bridge fuel use and materials sold.



Schuyler County Management Advisory Report - State Auditor's Findings

3.1 Fuel use

The county has not established effective monitoring procedures regarding fuel use for the Road and Bridge Department. Mileage and fuel use logs are not maintained for county vehicles and equipment, and fuel use is not reviewed or reconciled to fuel purchases. As a result, theft and misuse of fuel could go undetected. During the 2 years ended December 31, 2010, the county incurred road and bridge fuel costs of approximately \$110,500.

Maintenance and review of vehicle and equipment mileage and fuel use logs and comparison of log information and inventory records to fuel purchases, are necessary to ensure vehicles and equipment are properly utilized, to prevent paying vendors for improper billing amounts, and to decrease the risk of theft or misuse of fuel occurring without detection. Logs should provide sufficient details so the county can effectively monitor vehicle and equipment use and fuel costs.

3.2 Materials sold

As similarly noted in our prior report, the county needs to improve procedures for the sale of rock and culverts to the public and other governmental entities. Rock purchased by the public is put on county roads under a cost sharing program while culverts are usually purchased by contractors performing construction projects on private land in the county, or purchased by other governmental entities. Sales of rock and culverts totaled approximately \$50,000 during the 2 years ended December 31, 2010.

A bill of sale is not always prepared for each sale and a bill of sale/receipt is not required to pick up materials from the Road and Bridge Department. Entities may either make purchase arrangements at the courthouse prior to picking up the materials or may pick up the materials at the Road and Bridge Department and have the department contact the County Clerk regarding the sale. The County Clerk stated all sales of road and bridge materials are recorded in one receipt book in the County Clerk's office. However, because all entities are not required to make arrangements with the County Clerk's office and present a bill of sale, the county has little assurance all materials picked up from the Road and Bridge Department will be billed or were paid in full, which could result in lost revenues.

Recommendations

The County Commission:

- 3.1 Require mileage and fuel use logs for all vehicles and equipment and review the logs for reasonableness. In addition, fuel use should be reconciled to fuel purchases, and any significant discrepancies should be investigated.
- 3.2 Develop formal policies and procedures over sales to the public. Materials should only be released after customers present proof of payment or a bill of sale approved by the County Clerk's office.



Schuyler County
Management Advisory Report - State Auditor's Findings

Auditee's Response

The County Commission provided the following written response:

- 3.1 *We have already improved the fuel logs at the bulk tanks and have implemented reconciliations of fuel use to fuel purchases. Individual mileage/use logs for each vehicle and piece of equipment do not appear practical. We believe we can adequately review usage of each item by reviewing the bulk fuel logs.*
- 3.2 *We will review this issue and implement procedures considered appropriate.*

4. Capital Assets

As similarly noted in our prior audit report, the county does not regularly update its capital asset records for property purchases and dispositions throughout the year. In addition, the county does not complete annual physical inventories or affix tags identifying property items as county property at the time of purchase.

The County Clerk is responsible for maintaining overall county property records, and each department is responsible for performing annual physical inventories and submitting property lists to the County Clerk. The County Clerk indicated the overall property records have not been updated since 2009. Physical inventory requests were submitted and property lists were prepared by all county offices in 2010, but the overall records have not been updated and no subsequent physical inventories have been performed.

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. 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. These records should be updated for any property additions and approved dispositions as they occur. Physical inventories, proper tagging of county property items, and periodic comparisons of inventories to overall county property records are necessary to evaluate the accuracy of the records, and deter and detect theft.

Recommendation

The County Commission and County Clerk work with other county officials to ensure complete and accurate inventory records are maintained and annual physical inventories are conducted, and implement procedures for tracking and tagging capital asset purchases throughout the year.

Auditee's Response

The County Commission and County Clerk provided the following written response:

This issue has not always been a high priority, but we will continue to work on implementing this recommendation.



Schuyler County
Management Advisory Report - State Auditor's Findings

5. Sheriff's Controls and Procedures

Significant weaknesses in accounting controls and procedures exist in the Sheriff's office. The Sheriff's office processed approximately \$21,365 and \$9,637 in civil fees, concealed weapon permits, bonds, summons fees, and other receipts for the years ended December 31, 2010 and 2009, respectively.

5.1 Segregation of duties

Accounting duties are not adequately segregated. The Sheriff's secretary is responsible for receiving, recording, and disbursing all monies; maintaining accounting records; writing and signing checks; preparing deposit slips; and month-end bank reconciliations. The Sheriff indicated he performs no supervisory reviews of accounting records.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, at a minimum, periodic independent or supervisory reviews of accounting records should be performed and documented by another employee or the Sheriff.

5.2 Receipting and depositing procedures

Receipting and depositing procedures in the Sheriff's office are in need of significant improvement.

- Some receipts were not recorded immediately upon receipt and receipt slips were not issued for some monies received. For example, a check for \$164 was received by the Sheriff's office in late February 2011; however, a receipt slip was not issued for the payment. We located the check in a file in May 2011. This payment was brought to the attention of the Sheriff's previous secretary to be receipted and deposited; however, the check was not deposited until November 9, 2011.
- Receipts are not recorded on a cash control ledger or reconciled to amounts deposited or transmitted to other agencies (bonds transmitted to the Circuit Clerk). Recording all receipts on a cash control ledger would provide a summary record of receipts and a means to reconcile receipts to deposits and transmittals, including the composition of receipts (cash, check, money order).

Failure to implement adequate receipting and depositing procedures increases the risk that loss or misuse of monies received will go undetected. To adequately safeguard receipts and reduce this risk, procedures should ensure all receipts are recorded immediately and receipts are adequately reconciled to deposits and transmittals.

5.3 Bank reconciliations and liabilities

Reconciliation procedures for the Sheriff's bank account need significant improvement.



Schuyler County Management Advisory Report - State Auditor's Findings

- The Sheriff's office does not prepare bank reconciliations on a monthly basis. As of April 30, 2011, the Sheriff's office had not prepared a formal bank reconciliation since February 2009. In addition, a book balance in the checkbook register had not been maintained since December 31, 2010. Upon our request, the Sheriff's secretary prepared bank reconciliations through the month of August 2011.
- The Sheriff's office does not prepare monthly lists of liabilities, and therefore, liabilities are not reconciled to the balance in the Sheriff's bank account. According to the Sheriff's secretary, all fees collected during the month are distributed each month and the bank account should show a zero balance at the end of each month; however, the reconciled bank balance at August 31, 2011, of \$1,112, exceeded identified liabilities by \$874.

The preparation of monthly bank reconciliations is necessary to ensure accounting records are in balance and to identify errors in a timely manner. Additionally, liabilities should be identified monthly and reconciled to cash balances to ensure sufficient cash is available for the payment of all amounts due. Prompt follow up on discrepancies is necessary to identify and resolve errors and ensure monies are disbursed timely.

5.4 Monthly transmittals

The Sheriff does not always transmit fees to the County Treasurer on a timely basis. For example, fees collected for processing concealed carry weapon permit applications between December 29, 2009, and April 8, 2010, totaling \$810, were not disbursed to the County Treasurer until April 9, 2010. Section 50.370, RSMo, requires every county official who receives fees for official services to pay such monies monthly to the County Treasurer.

5.5 Bond monies

Some bond monies collected are transmitted directly to the Circuit Clerk; however, the Sheriff's office does not request or receive receipt slips from the Circuit Clerk for these transmittals.

To adequately safeguard against theft or misuse of funds and to provide assurance that all transmittals are appropriate, receipt slips should be obtained for bond monies transmitted to the Circuit Clerk.

5.6 Accrued costs due

The Sheriff's office does not adequately pursue collection of or track amounts due to the office for board bills or civil process fees. The Sheriff's office provides inmate information to the courts for board bills to be collected on applicable court cases; however, the Sheriff's office does not bill for boarding prisoners for other entities or ensure all other applicable board of prisoner costs are billed. In addition, the Sheriff's office bills civil process fees (for service subpoenas or other papers), but does not adequately follow-up to ensure all payments are received. The Sheriff's secretary



Schuyler County Management Advisory Report - State Auditor's Findings

indicated the office does not maintain a list of amounts billed, collected, or owed, or otherwise track billed amounts to ensure payment is received.

Adequate procedures to bill and collect all board of prisoner costs and civil process fees reduces the risk of lost revenues.

5.7 Seized property

Adequate controls over seized property have not been established. All officers have access to the seized property room where items are stored, and there are no procedures in place to track who enters the room. In addition, the Sheriff's office did not maintain any inventory records until a log of firearms only was prepared in 2011.

Considering the often sensitive nature of seized property, the Sheriff should consider restricting access to the seized property room to reduce the risk of loss, misuse, or theft of the stored items. Inventory records of all seized property items, including information such as description, current location, case number, date of seizure, and disposition of such property, are necessary to ensure all items are accounted for properly.

Similar conditions previously reported

Similar conditions to sections 5.1 through 5.3 were noted in our prior audit report.

Recommendations

The Sheriff:

- 5.1 Adequately segregate accounting duties to the extent possible or ensure independent or supervisory reviews of accounting records are performed and documented.
- 5.2 Issue pre-numbered receipt slips for all monies received immediately upon receipt. Additionally, the Sheriff should ensure monies are recorded on a cash control ledger and reconciled to deposits and transmittals, including the composition of receipts to deposits.
- 5.3 Prepare formal bank reconciliations monthly and reconcile bank balances to monthly lists of liabilities ensuring any differences between accounting records and reconciliations are investigated and resolved. Additionally, after sufficient efforts are made to resolve discrepancies, any remaining unidentified monies should be disposed of in accordance with state law.
- 5.4 Transmit fees monthly to the County Treasurer.
- 5.5 Obtain receipts slips for bond monies transmitted to the Circuit Clerk.



Schuyler County
Management Advisory Report - State Auditor's Findings

- 5.6 Bill all amounts owed to the Sheriff's office for board of prisoners and civil process fee, and implement procedures to track and pursue collection of amounts owed.
- 5.7 Establish procedures to limit access to the seized property room and maintain complete and accurate inventory records of all seized property items.

Auditee's Response

The Sheriff provided the following written response:

We have already implemented most of these recommendations. Regarding supervisory oversight, we will attempt to implement a procedure to review the accounting records as long as it doesn't interfere with our required law enforcement duties. Regarding the unidentified monies in the bank account, we will turn these monies over to the County Treasurer.

6. Prosecuting Attorney's Controls and Procedures

Improvement is needed over various controls and procedures in the Prosecuting Attorney's office. The Prosecuting Attorney processed approximately \$9,500 and \$9,150 in bad check fees, restitution payments, and delinquent tax collections for the years ended December 31, 2010 and 2009, respectively. The Prosecuting Attorney only accepts receipts in the form of money orders which are transmitted to merchants, the County Treasurer, or other applicable individuals (no bank account is maintained).

6.1 Segregation of duties

Accounting duties are not adequately segregated, and adequate supervisory reviews of accounting records are not performed and documented. The Prosecuting Attorney's secretary is responsible for receiving, recording, and transmitting amounts collected. The Prosecuting Attorney indicated he performs no supervisory reviews of accounting records.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of accounting records should be performed and documented by the Prosecuting Attorney.

6.2 Tracking procedures

The Prosecuting Attorney's office does not have an adequate system to account for the receipt and disposition of bad checks.

- Complaint forms prepared by merchants when bad checks are filed are not numbered, and separate case files are not prepared for each bad check filing. The lack of a numbering system and case files provides less assurance that restitution is collected for all bad check complaints or cases are filed with the court when restitution is not collected.



Schuyler County Management Advisory Report - State Auditor's Findings

- The same sequence of prenumbered receipt slips is used when both a bad check complaint form is received and when payment is received. For example, a prenumbered receipt slip is issued to a merchant for a bad check complaint filed, prior to receiving any payment. Then if payment on the bad check is subsequently received, a separate receipt slip from the same prenumbered sequence is issued at that time. As a result, it is difficult to account for all monies received and to ensure all monies are properly transmitted.
- Monthly transaction ledgers do not allow for adequate tracking of the disposition of bad checks. Receipt of bad check complaints is recorded on the ledgers, and receipt of monies collected for bad check complaints is separately recorded on the ledgers. If the complaint and monies are received in the same month, the disposition of the bad check complaint can be readily determined. However, if monies are received in months subsequent to the filing of the complaint, the disposition of the complaint is difficult to determine.

Without an adequate system to track each bad check complaint from the date filed to final disposition, there is less assurance each bad check is accounted for properly and increased risk of loss, theft, or misuse. Such a system should include a sequential number assigned to each bad check complaint received or case file, which includes the merchant name, the issuer of the bad check, and the disposition of the bad check including the date restitution was received and disbursed to the merchant or the date the case was filed with the court. In addition, receipt slips or logs to record the initial receipt of bad check complaints should be maintained separately from receipt slips issued for monies received.

6.3 Disbursement of restitution

The Prosecuting Attorney's office does not always transmit bad check restitution payments to merchants in a timely manner. Restitution is received by money orders which are not deposited, and the Prosecuting Attorney's office has implemented a policy which requires the merchants to pick up the money orders in person. While the Prosecuting Attorney's office indicated merchants are notified by telephone to pick up restitution payments, the office does not document when the merchant is notified, and some restitution payments were held for several months. For example, monies received on June 3, 2009, were not transmitted to the merchant until about 5 months later on November 13, 2009.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, bad check restitution payments should be disbursed in a timely manner.



Schuyler County
Management Advisory Report - State Auditor's Findings

Recommendations

The Prosecuting Attorney:

- 6.1 Adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.
- 6.2 Develop procedures and records that provide sufficient information to track each bad check complaint from the date filed to the ultimate disposition.
- 6.3 Establish procedures to ensure bad check restitution payments are transmitted to merchants in a timely manner.

Auditee's Response

The Prosecuting Attorney provided the following written response:

- 6.1 *Due to the limited staff available, segregation of duties in the office is not practical. New procedures have been put in place to allow me to effectively review and supervise the accounting records.*
- 6.2 *New tracking procedures have been established upon the recommendation of the State Auditor to permit effective tracking of bad check transactions.*
- 6.3 *New procedures have been established to assure that merchants are notified in a timely manner that their restitution has been received by our office.*

Schuyler County

Organization and Statistical Information

Schuyler County is a county-organized, third-class county. The county seat is Lancaster.

Schuyler County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 20 full-time employees and 3 part-time employees on December 31, 2010.

In addition, county operations include a Senior Citizens' Services Board.

Elected Officials

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

Officeholder	2011	2010
Robert G. Aldridge, Presiding Commissioner	\$	16,546
Jim Werner, Associate Commissioner		14,546
Donald Crabtree, Associate Commissioner		14,546
Judy Keim, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Bree Shaw, County Clerk		22,040
Brenda Swedberg, Prosecuting Attorney		28,120
Carl Gottman, Sheriff		27,360
Karmen Buckallew, County Treasurer		22,040
Douglas B. Norman, County Coroner		6,080
Ronald L. Morgan, Public Administrator		11,400
Kathy Roberts, County Collector (2), year ended February 28 (29),	25,013	
Gary Stump, County Assessor, year ended August 31,		22,040

(1) Compensation is paid by the state.

(2) Includes \$2,973 of commissions earned for collecting city property taxes.



Schuyler County
Organization and Statistical Information

American Recovery and
Reinvestment Act 2009
(Federal Stimulus)

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

- A Homelessness Prevention and Rapid Re-housing Program grant was awarded by the U.S. Department of Housing and Urban Development to the Missouri Department of Social Services and \$62,145 was passed through to Schuyler County. The county spent \$15,261 in 2010 on this program which provides homelessness prevention assistance to households that would otherwise become homeless and rapid re-housing assistance to persons who are homeless.