



**Thomas A. Schweich**  
Missouri State Auditor

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# Montgomery County



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**October 2012**  
**Report No. 2012-125**

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<http://auditor.mo.gov>



# CITIZENS SUMMARY

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## Findings in the audit of Montgomery County

Sheriff Controls and Procedures	Bank reconciliations were not completed for the inmate account for most of 2010 and 2011. In addition, as noted in our prior audit report, a monthly list of liabilities was not prepared and reconciled to the available cash balance for the fee or inmate accounts. When the Sheriff's office completed bank reconciliations and lists of liabilities at our request, there were unidentified funds totaling \$1,825 in the two bank accounts. Accounting procedures are not adequately segregated for the inmate account. In addition, the method of payment was not always documented for monies received and deposited. The Sheriff's office does not adequately safeguard cash refunds relating to U.S. Immigration and Customs Enforcement inmates, and there is no independent observation or verification to ensure the cash transactions actually took place. The Sheriff and the County Treasurer do not have proper controls and procedures in place to track, follow-up, and ensure timely collection of amounts billed to other entities for housing inmates and a complete record of accounts receivable is not maintained. The Sheriff's office does not compare its jail attendance records to the vendor's invoice for prisoner meals provided to ensure accuracy before making payment.
Property Tax System	The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books, so there is no independent review of the tax books prepared by the County Collector. The County Clerk's account book has not been updated for 2010 or 2011 activity, and neither the County Clerk nor the County Commission verifies the accuracy of the County Collector's monthly or annual settlements.
Payroll	Timesheets are not always signed by the employee, or approved and signed by the supervisor. As noted in our prior audit report, the Sheriff's office does not submit a complete record of time to the County Clerk for all employees. In addition, county policy is not clear as to when employees incur overtime, and the county may be paying more than necessary in overtime costs.
Vehicle and Fuel Use	The Sheriff's office did not always review and approve fuel invoices or reconcile invoices to fuel receipts or usage logs, and usage logs were not always reviewed for reasonableness of fuel and vehicle use. As noted in our prior audit reports, usage logs are not maintained for most Road and Bridge department vehicles and equipment, and the logs that are maintained are not always complete. The Road and Bridge department does not maintain bulk fuel inventory records or logs of fuel dispensed from bulk fuel tanks or reconcile fuel use to fuel purchased, and invoices are not adequately reviewed and approved.
Capital Assets	As noted in prior audit reports, capital asset procedures need significant improvement. Property records have not been updated for at least 10 years, and a physical inventory has not been conducted for at least 8 years.

Public Administrator Controls and Procedures	Of the 20 annual settlements required to be submitted in 2011, 6 were not filed timely or at all. Fees charged to some wards were not consistent and the Public Administrator does not document criteria used when determining the appropriate fee to charge.
Prosecuting Attorney Controls and Procedures	One clerk is responsible for receipting and recording monies and making deposits without supervisory review. Receipts are not always deposited intact or timely, and money orders are not restrictively endorsed immediately upon receipt. Monthly bank reconciliations are not performed and liabilities are not identified or reconciled to the available cash balance.
Closed Meeting Minutes	Closed County Commission meeting minutes do not always document matters discussed and actions taken, and the reasons for entering into closed meetings were not always specifically documented.
Computer Controls	Computer passwords are not changed periodically, and personnel in the County Collector's office do not keep their passwords confidential and are not locked out after a number of incorrect log-in attempts. Computer backups are completed daily in the County Clerk's office, but they override the prior day's information, and periodic testing of backups is not performed for most offices.
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 **Fair**.\*

American Recovery and Reinvestment Act (Federal Stimulus)	Montgomery County did not receive any federal stimulus monies during the audited time period.
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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.

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# Montgomery County

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# **THOMAS A. SCHWEICH**

## **Missouri State Auditor**

To the County Commission  
and  
Officeholders of Montgomery County

We have audited certain operations of Montgomery County in fulfillment of our duties under Section 29.230, RSMo. In addition, Casey-Beard-Boehmer PC, Certified Public Accountants, has been engaged to audit the financial statements of Montgomery County for the 2 years ended December 31, 2011. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2011. 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 tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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 Montgomery County.

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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In-Charge Auditor:	Denise Huddleston, MBA
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# Montgomery County

## Management Advisory Report

### State Auditor's Findings

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#### **1. Sheriff Controls and Procedures**

Several weaknesses were noted with the controls and procedures in the Sheriff's office. The Sheriff's office maintains two bank accounts, including an inmate account for depositing and tracking inmate monies, and a fee account for depositing and tracking bond monies and inspection, permit, and civil fees. During the 2 years ended December 31, 2011, deposits into the inmate account totaled approximately \$212,000, and deposits into the fee account totaled approximately \$671,000.

##### **1.1 Bank reconciliations and liabilities**

Monthly bank reconciliations were not completed for the inmate account for most months during 2010 and 2011, and neither an outstanding check list nor a book balance were maintained on this account. In addition, as noted in our prior audit report, a monthly list of liabilities was not prepared and reconciled to the available cash balance for the fee or inmate accounts. At our request, the Sheriff's office completed all outstanding bank reconciliations on the inmate account, prepared a liabilities list for each account as of March 31, 2012, and compared liabilities to reconciled bank account balances. The comparison resulted in unidentified funds of approximately \$1,400 in the fee account and \$425 in the inmate account.

The preparation of detailed 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 payment of all amounts due.

##### **1.2 Accounting procedures**

Accounting procedures are not adequately segregated for the inmate account. One clerk is responsible for receiving, recording, depositing, and disbursing monies; however, there is no supervisory review of inmate account activity. As a result, there is less assurance transactions are accounted for properly, accounting records are complete and accurate, and monies are disbursed properly. In addition, the method of payment is not always documented for monies received and deposited into both the inmate and fee accounts. As a result, the composition of receipts (cash, check, money order) cannot be reconciled to the composition of deposits.

To ensure monies are accounted for properly, accounting procedures should be adequately segregated and the composition of monies received should be documented and reconciled to the composition of deposits.

##### **1.3 Inmate refunds**

The Sheriff's office does not adequately safeguard cash refunds relating to U.S. Immigration and Customs Enforcement (ICE) inmates. ICE inmates are issued cash refunds to return any monies they were carrying at the time of arrest prior to being deported or transferred to another facility. Monies held for ICE inmates is often significant. According to the Sheriff's office, ICE prefers the inmates be given monies in cash upon release because they are frequently deported to another country. When ICE inmates are prepared



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for transfer or deportation, a check is written to "cash" and cashed at a local bank. The same clerk then posts the refund to the computer system and the jailer releasing the inmate disburses the funds and has the inmate sign documentation stating their property was received. However, although there is an increased risk over cash refunds, there is no independent observation or verification to ensure the cash transactions actually took place.

To ensure monies are adequately safeguarded, another employee of the jail should document their observation of the cash refund transaction.

### 1.4 Accounts receivables

The Sheriff and County Treasurer do not have proper controls and procedures in place to track, follow-up, and ensure timely collection of amounts billed to other entities for housing inmates. During the 2 years ended December 31, 2011, the county received approximately \$1.4 million for housing inmates.

A complete record of accounts receivable is not maintained and neither the Sheriff nor the County Treasurer are able to determine the total amount of unpaid bills. As a result, proper follow-up procedures cannot be performed to ensure timely collection of amounts due. Bills for housing inmates are prepared and recorded in the Sheriff's accounting system and a copy of each bill is submitted to the County Treasurer to be used to reconcile to payments received. However, discrepancies were noted between the Sheriff's and County Treasurer's records, and procedures are not adequate to determine the amounts that remain unpaid. The County Treasurer does not report to the Sheriff when payment is made and does not always timely report when payment is not received. Furthermore, the Sheriff does not routinely communicate with the County Treasurer to determine if follow-up procedures need to be performed. Additionally, the Sheriff periodically waives charges; however, this is not always recorded in the accounting system, reasons for the waiver are not adequately documented, and the County Treasurer is not always informed.

Accurate and complete records of accounts receivable, and improved communications, would allow the County Treasurer and/or Sheriff to properly follow-up on all amounts owed and ensure amounts owed are collected on a timely basis.

### 1.5 Prisoner meals

Meals served at the county jail are not adequately tracked. The Sheriff's office contracts with an outside company to prepare and serve prisoner meals on site, and approximately \$321,000 was paid for this service during the 2 years ended December 31, 2011. An employee of the contracted company that prepares and serves the meals is responsible for tracking the number of meals served each day. This information is then used to bill the county on a monthly basis. Although a jailer compares the invoices to the record of meals served, it is not reconciled to the jail's independent





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attendance records to ensure accuracy. Without a comparison of vendor billings to jail attendance records, there is less assurance the amount billed is accurate before payment is made.

## Recommendations

The Sheriff:

- 1.1 Complete monthly bank reconciliations timely and maintain an outstanding check list and book balance for all accounts. In addition, the Sheriff should reconcile cash balances to monthly lists of liabilities. Any discrepancies should be investigated and resolved.
- 1.2 Segregate receipt procedures, indicate method of payment on all receipts, and reconcile the composition of receipts to deposits.
- 1.3 Establish procedures to verify cash refund transactions to ICE inmates.
- 1.4 Work with the County Treasurer to develop procedures to track, monitor, and pursue collection of costs for boarding inmates.
- 1.5 Perform a review of meals served to independent jail records to ensure invoices are accurate before payment is made.

## Auditee's Response

*The Sheriff provided the following responses:*

- 1.1-
- 1.3 *We agree and will implement the recommendations.*
- 1.4 *We will work with the County Treasurer to ensure a complete record of accounts receivable is being maintained.*
- 1.5 *Served meals were and are being independently reviewed by the jail administrator. In addition, we will review monthly records of attendance to invoices before payment is made.*

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## 2. Property Tax System

The County Clerk and County Commission do not provide adequate monitoring over property tax system activities. During the 2 years ended February 29, 2012, the County Collector processed approximately \$23.2 million.

### 2.1 Tax books

The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books. The County Collector extends and prints the current and delinquent tax books and verifies the accuracy of the amounts to be collected. Because the County Collector is responsible for collecting property tax monies, good internal controls require someone independent of



## Montgomery County Management Advisory Report - State Auditor's Findings

that process be responsible for generating and testing the accuracy of the property tax books. A review of the tax books should include verification of individual entries in the tax books and recalculating tax book totals and charges. Failure to perform adequate reviews of the tax books by an independent person may result in errors or irregularities going undetected.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and delinquent tax books and charge the County Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, the accuracy of the tax books should be verified and approval of the tax book amounts to be charged to the County Collector should be documented.

### 2.2 Account book and annual settlements

In addition to not preparing or testing the accuracy of the tax books, neither the County Clerk nor the County Commission adequately reviews the activities of the County Collector. Although the County Clerk previously maintained an account book with the County Collector summarizing property tax transactions each month, the account book has not been updated for any 2010 or 2011 activity. In addition, neither the County Clerk nor the County Commission performs procedures to verify the accuracy of the County Collector's monthly or annual settlements. As a result, there is an increased risk of loss, theft, and misuse of property tax monies, and less assurance the monthly and annual settlements are complete and accurate.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records summarizing all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records should be used by the County Clerk and County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

## Recommendations

- 2.1 The County Clerk prepare the current and delinquent tax books, or at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts to be collected. Procedures performed should be adequately documented.
- 2.2 The County Clerk maintain a complete and updated account book with the County Collector. In addition, the County Clerk and the County Commission should use the account book to review the accuracy and completeness of the County Collector's monthly and annual settlements.



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## Auditee's Response

*The County Commission and County Clerk provided the following written responses:*

- 2.1 *The County Commission and County Clerk will attempt to adequately verify the tax books as required.*
- 2.2 *The County Clerk will maintain accurate records summarizing all tax charges to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts.*

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## 3. Payroll

Controls and procedures over timesheets and overtime need improvement. During the 2 years ended December 31, 2011, county payroll costs were approximately \$5.1 million, which included approximately \$283,000 in overtime.

### 3.1 Timesheets

Timesheets are not always approved or submitted to the County Clerk. The county's personnel policy requires each elected official or supervisor to submit timesheets for all employees to the County Clerk.

- Timesheets are not always signed by the employee, or approved and signed by the supervisor. For some offices reviewed, supervisors only approved timesheets when overtime was incurred, some did not approve timesheets at all, and some indicated they reviewed timesheets but did not document their approval.
- As noted in our prior audit report, the Sheriff's office does not submit a complete record of time to the County Clerk for all employees. Rather, the Sheriff's office submits a pay period report detailing overtime incurred and leave used; however, this report is not always complete and it excludes regular hours worked.

Without detailed time records signed by the employee and indicating the supervisor's review and approval, there is less assurance that timesheets and leave records are complete and accurate.

### 3.2 Overtime

County policy does not clearly document when overtime is earned by employees. In addition, the county includes nonworking hours (vacation, sick leave, and holidays) in total hours worked when determining the amount of overtime earned by employees. According to the County Clerk, overtime begins when total hours exceed the employee's normal work week, which typically ranges from 32 to 40 hours per week. Although the personnel policy states that all overtime hours will be paid at one and one-half times the hourly rate of pay for each hour of overtime worked, the policy does not indicate when overtime will be earned. Without clear overtime policies, the county may be paying more than necessary in overtime costs.



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## Recommendations

- 3.1 The County Clerk ensure timesheets are prepared, properly signed and approved, and submitted for all employees.
- 3.2 The County Clerk and County Commission revise the personnel policy to address when overtime will be earned.

## Auditee's Response

*The County Commission and County Clerk provided the following responses:*

- 3.1 *The County Clerk shall develop a process to be more diligent in requiring employee and supervisor signatures on timesheet documents, and work with the Sheriff's office to ensure a complete record of time worked is submitted.*
- 3.2 *The Montgomery County Policy Handbook has been updated to reflect what constitutes "time worked". As several county departments have different periods of time that constitute a work week, the Commission will have department administrators and supervisors accurately review the timesheets prior to submittal.*

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## 4. Vehicle and Fuel Use

The county has not established effective monitoring procedures for vehicle and fuel use. During the 2 years ended December 31, 2011, the Sheriff's office expended approximately \$83,800 and the Road and Bridge department expended approximately \$270,400 to fuel 48 vehicles and 20 equipment items.

Fuel is purchased by the Sheriff's office either on account with a local gas station or with fuel cards from various local vendors. Road and Bridge department employees dispense fuel into department vehicles and equipment from seven bulk fuel tanks located throughout the county.

- During 2010 and 2011, the Sheriff's office did not always review and approve fuel invoices or reconcile invoices to individual fuel receipts or usage logs before submitting invoices to the County Clerk's office for payment. In addition, usage logs maintained in the vehicles were not always reviewed for reasonableness of fuel and vehicle use. According to personnel, a new system was established in January 2012 and fuel use is now reviewed.
- The Road and Bridge department does not maintain bulk fuel inventory records or logs of fuel dispensed from bulk fuel tanks or reconcile fuel use to fuel purchased, and invoices are not adequately reviewed and approved before payment is made. As similarly noted in our prior audit report, usage logs are not maintained for most Road and Bridge department vehicles and equipment and the logs that are maintained are not always complete.



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

## Recommendation

The County Commission and Sheriff establish adequate records and procedures to effectively monitor vehicle, equipment, and fuel use. In addition, bulk fuel inventory records should be maintained, invoices should be reviewed and approved, and fuel use should be reconciled to fuel purchases. Any significant discrepancies should be investigated.

## Auditee's Response

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

*The Commission will ask all Road and Bridge employees to spend more time filling out an individual fuel log for all motorized equipment. The Commission will assign the task of comparing usage to purchased fuel as yet another duty to the Road and Bridge Overseer.*

*The Sheriff provided the following response:*

*With the new fuel card system, this finding has been implemented.*

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## 5. Capital Assets

As similarly noted in several prior audit reports, procedures to account for capital assets need significant improvement. Property records have not been updated for at least 10 years and a physical inventory has not been conducted for at least 8 years. According to the County Clerk, the county attempted to perform a physical inventory in 2004; however, property records were not updated to reflect any discrepancies identified. In addition, the county does not always affix property identification tags to county property, and dispositions were not adequately approved.

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, evaluate the accuracy of records, provide a basis for determining proper insurance coverage, and deter and detect theft.

## Recommendation

The County Commission and County Clerk work with other county officials to maintain complete and accurate inventory records, conduct annual



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physical inventories, and implement procedures for tracking and tagging capital asset purchases and approved dispositions throughout the year.

## Auditee's Response

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

*As stated in the exit review, all items owned by Montgomery County with a value of \$1,000 or more are recorded with the county insurance property coverage. The Commission has requested from all elected officials and department administrator/supervisors an updated inventory of their respective office. This information is to be submitted to the Commission on or before October 10, 2012. The information will be entered into a spreadsheet format and saved electronically as well as hard paper copy for easy access and review.*

## 6. Public Administrator Controls and Procedures

Some controls and procedures in the Public Administrator's office need improvement. During the 2 years ended December 31, 2011, the Public Administrator was the court-appointed personal representative for 33 individuals (wards) and decedent estates of the Associate Circuit Court, Probate Division. The Public Administrator was required to complete an annual settlement for 20 of these wards and estates.

### 6.1 Annual settlements

The Public Administrator does not always file annual settlements timely. The Probate Clerk notifies the Public Administrator approximately 30 days prior to annual settlement due dates. Completed annual settlements and supporting documentation are submitted to the Probate Clerk for review and approval by the Associate Circuit Judge. Of the 20 annual settlements required to be submitted in 2011, 6 (30 percent) were not filed timely, or at all. Two annual settlements were filed over 60 days late and four annual settlements had not been filed as of April 2012 and were at least 60 days past due.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file with the court an annual settlement for each ward or estate. Timely and accurate settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

### 6.2 Estate fees

Fees charged to some wards of the Public Administrator were not consistent and charges were not always adequately supported. Additionally, the Public Administrator does not document criteria used when determining the appropriate fee to charge. The Public Administrator petitions the court to approve fees from the accounts of active wards. Since the Public Administrator receives a salary, any fees approved by the court are deposited in the county treasury. The Public Administrator's office turned



## Montgomery County Management Advisory Report - State Auditor's Findings

over fees to the General Revenue Fund totaling \$16,880 during the 2 years ended December 31, 2011.

Fees are determined based on a flat fee of 5 percent of annual receipts, as set by the Judge, but can vary as appropriate. According to the Public Administrator, rates charged also depend on the availability of funds and the amount of work performed for the ward during the year; however, the Public Administrator did not maintain supporting documentation to explain the criteria used for any inconsistent fees charged.

Without documenting criteria used when determining the appropriate fee to charge, and without adequate supporting documentation, there is less assurance fees charged to each ward are fair, reasonable, and properly assessed.

### Recommendations

The Public Administrator:

- 6.1 File complete and accurate annual settlements in a timely manner.
- 6.2 Document the criteria used for any variances in the fee amounts charged to wards.

### Auditee's Response

*The Public Administrator provided the following written responses:*

- 6.1 *According to information from the auditors, six of the settlements are from early 2011 and January and February 2012. I can not dispute the fact that they were late and the only reason I can give is that I also have my own business as a tax preparer/payroll accountant and that is a really busy time of year. The auditor's test was performed in April 2012 and all settlements were filed by May 2012. I will make every attempt to file annual settlements timely in the future.*
- 6.2 *There are times that either there is no money in the estate to pay 5 percent and/or there has been very little time spent on said estate. The judge approves settlements with fees to the county. I will create documentation when there is a variance from the 5 percent amount paid to the county from estates.*

## 7. Prosecuting Attorney Controls and Procedures

As similarly noted in our prior audit report, controls and procedures related to receipts and bank reconciliations need improvement. The Prosecuting Attorney's office processed approximately \$88,200 in fees and restitution payments during the 2 years ended December 31, 2011.

In March 2011, the Prosecuting Attorney, Lee Elliott, resigned from his position and the Presiding Circuit Judge appointed Nichole Volkert as



## Montgomery County Management Advisory Report - State Auditor's Findings

Special Prosecuting Attorney for Montgomery County. In November 2011, the County Commission hired an Assistant Prosecuting Attorney.

### 7.1 Receipting procedures

Receipting procedures are not adequately segregated. One clerk is responsible for receipting and recording monies and making deposits. There is no supervisory review to help ensure monies received were actually deposited. In addition, receipts are not always deposited intact or timely and money orders are not restrictively endorsed immediately upon receipt. Most monies received by the Prosecuting Attorney's office are in the form of money orders. However, when cash is received, the cash is deposited immediately while the remaining money orders on hand are held until the month-end deposit. According to personnel, money orders are restrictively endorsed when deposits are prepared.

Proper segregation of duties and receipting and depositing procedures are needed to adequately safeguard receipts and reduce the risk of loss, theft, or misuse occurring without detection.

### 7.2 Bank reconciliations and liabilities

Bank reconciliations are not performed monthly and liabilities are not identified or reconciled to the available cash balance. At our request, the Prosecuting Attorney's office prepared bank reconciliations and lists of liabilities for 2010 and 2011. The reconciled bank balance as of December 31, 2011, agreed to the book balance; however, the outstanding check list included nine checks totaling approximately \$450 that had been outstanding for at least a year. Because bank reconciliations had not been prepared, the Prosecuting Attorney's office was unaware of the old outstanding checks; therefore, follow-up procedures had not been performed. In addition, while preparing the requested lists of liabilities, the Prosecuting Attorney's office determined \$477 received during September 2011 had not been properly disbursed.

Monthly reconciliation procedures and identification of liabilities are needed to ensure accounting records are in balance, identify errors timely, and ensure sufficient cash is available for payments of amounts due.

## Recommendations

The Special Prosecuting Attorney and Assistant Prosecuting Attorney:

- 7.1 Ensure all receipts are deposited intact and timely, and money orders are restrictively endorsed immediately upon receipt.
- 7.2 Prepare bank reconciliations monthly and reconcile available cash balances to monthly listings of liabilities. Any differences should be investigated and resolved.





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Management Advisory Report - State Auditor's Findings

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## Auditee's Response

*The Special Prosecuting Attorney provided the following response:*

*I agree and we are taking steps to implement the recommendations.*

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## 8. Closed Meeting Minutes

Closed County Commission meeting minutes do not always document matters discussed and actions taken. In addition, the reasons for entering into closed meetings were not always specifically documented. Without adequate minutes of closed meetings, it is unclear whether closed session discussion was limited to allowable topics.

The Sunshine Law, Chapter 610, RSMo, requires minutes be kept for all closed meetings. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions made. Additionally, the Sunshine Law requires open minutes document the reason for closing a meeting and limits discussions in closed meetings to only those specifically allowed by law.

## Recommendation

The County Commission prepare complete and adequate minutes for all closed meetings.

## Auditee's Response

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

*The Montgomery County Commission is well aware of Sunshine Law, Chapter 610, RSMo, and does make every effort to comply with the law. The County Clerk will maintain Commission meeting records in the detailed method recommended as to comply with the recommendations of the Missouri State Auditor's Office.*

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## 9. Computer Controls

Controls over county computer systems are not sufficient to prevent unauthorized access or to restore key systems in the event of a disaster or systems failure.

### 9.1 User IDs and passwords

Passwords for most county computer systems are not changed on a periodic basis to ensure confidentiality. In addition, personnel in the County Collector's office do not keep their passwords confidential and users are not locked out after a certain number of incorrect log-in attempts. The lack of an effective system of user identifications and passwords may allow unauthorized access and/or changes to the system.

To control access, passwords should be kept confidential and updated periodically. Additionally, to help protect computer files, security controls should be implemented to detect incorrect log-in attempts after a certain number of tries. A log of the incorrect attempts should be reviewed periodically by an authorized official.



## Montgomery County Management Advisory Report - State Auditor's Findings

### 9.2 Backup data

The County Clerk does not maintain sufficient backup data or store backups at an off-site location. In addition to County Clerk system records, the County Clerk's backups include property tax system records for both the County Assessor's and County Collector's offices. According to the County Clerk's office, backups are completed daily, however, they override the prior day's information. As a result, data from previous days could not be retrieved if necessary. Furthermore, periodic testing of backups is not performed for most offices. Failure to store daily computer backup data at a secure off-site location results in the backup data being susceptible to the same damage as the data on the computer.

To help prevent loss of information and ensure all essential county information and computer systems can be recovered, backups should be stored at a secure off-site location for a sufficient period of time, and periodic testing of backups performed.

### Recommendations

The County Commission:

- 9.1 Work with county officials to ensure passwords are confidential and periodically changed to prevent unauthorized access to county computers and data. Additionally, security controls should be established to detect and report a certain number of incorrect log-in attempts.
- 9.2 Work with the County Clerk and other county officials to ensure backups are stored in a secure off-site location and retained for a sufficient period of time. In addition, procedures should be established to periodically test backup data.

### Auditee's Response

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

*The Montgomery County Commission does understand the increasing need for IT services, data security, and off-site data storage. The Commission has recently sought the services of an IT service provider to complete an onsite assessment of the county's current technological status. The report of such assessment has been delivered to the Commission. Further assessing will provide the Commission with areas needing improvements. The Commission has begun the process to seek qualifications from an IT service provider that would provide both in-house and on-line IT services, data security, and off-site data storage.*

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# Montgomery County

## Organization and Statistical Information

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Montgomery County is a county-organized, third-class county. The county seat is Montgomery City.

Montgomery 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 85 full-time employees and 10 part-time employees on December 31, 2011.

In addition, county operations include the Senate Bill 40 Board.

### Elected Officials

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

Officeholder	2012	2011
Ryan D. Poston, Presiding Commissioner	\$	28,501
Rich Daniels, Associate Commissioner		27,060
John W. Noltensmeyer, Associate Commissioner		27,060
Sheila See, Recorder of Deeds		41,000
Pamela A. Cartee, County Clerk		41,000
Nicole Volkert, Special Prosecuting Attorney (1)		37,692
Lee Elliott, Prosecuting Attorney (1)		10,741
Robert Davis, Sheriff		45,000
Donna Huenefeld, County Treasurer		41,000
David Colbert, County Coroner		13,000
Ann Scarlet, Public Administrator		25,000
Anita L. Sullivan, County Collector, year ended February 29,	41,000	
Jerome P. Overkamp, County Assessor , year ended August 31,		41,000

(1) Lee Elliott resigned in March 2011 and Nicole Volkert was appointed by the Presiding Circuit Judge as Special Prosecuting Attorney for Montgomery County.

### Financing Arrangements

The county entered into a lease agreement with the Montgomery County, Missouri Public Facilities Authority, a not-for-profit corporation, on August 1, 1994. The terms of the agreement called for the corporation to issue bonds to be used to construct the Montgomery County Jail and for the bank to lease the jail back to the county for payments totaling the principal



Montgomery County  
Organization and Statistical Information

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and interest due on the outstanding bonds. Payments are made from the Capital Improvements Fund funded by sales tax revenues. The term bonds portion of the original issue was refinanced on June 1, 1998, and again on January 1, 2011. The bonds are scheduled to be paid off in 2014. The remaining principal and interest due on the bonds at December 31, 2011, was approximately \$991,734.

American Recovery and  
Reinvestment Act 2009  
(Federal Stimulus)

Montgomery County did not receive any federal stimulus monies during the 2 years ended December 31, 2011.