



Thomas A. Schweich

Missouri State Auditor

Polk County



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Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Polk County

Law Enforcement Sales Tax Fund	The amount of General Revenue Fund monies needed to support the Law Enforcement Sales Tax Fund increased significantly through 2011. Although the county has taken some steps to address this situation, a 2012 transfer of \$195,902 is still budgeted.
Disbursements	The county did not solicit bids, maintain bid documentation, or document why a sole source provider was used for several purchases. The county spends more than \$25,000 each year to operate a recycling center, but the center is not adequately monitored, collected recyclable materials are not sold when feasible, and agreements with other parties are not in writing. The county lacks procedures to follow up on fuel use discrepancies. For the year ended December 31, 2011, the county could not account for fuel valued at approximately \$10,400.
Prosecuting Attorney Controls and Procedures	Traffic ticket amendment and accounting duties are not adequately segregated, and no documented supervisory review is performed. A theft of \$209 was discovered when a defendant called to check on a payment, and, after investigating, the Prosecuting Attorney required repayment of the monies and terminated the employee in August 2011. The office does not issue receipt slips for traffic ticket payments, account for the numerical sequence of receipt numbers assigned by the accounting system, or deposit monies timely. The bad check clerk is able to post adjustments to the computer system without obtaining independent approval, making it difficult to ensure the validity and propriety of all adjustments. A dormant bank account had a balance of \$980 and should be closed, and case files could not be located for 3 of 22 cases selected for review.
Property Tax System Controls and Procedures	The property tax system controls and procedures need improvement. As noted in several prior audit reports, the County Clerk and County Commission did not perform adequate or timely reviews of property tax additions and abatements, and the County Clerk does not reconcile the court orders for additions and abatements to actual changes made to the property tax system. In addition, the County Clerk does not prepare or verify the accuracy of the current or back tax books, and neither the County Commission nor the County Clerk adequately reviews the County Collector's annual settlement.
Sheriff Controls and Procedures	Accounting duties are not adequately segregated in the jail and Sheriff's office, and no documented independent or supervisory review of jail deposits or other accounting records is performed. The Sheriff's office does not prepare a monthly list of liabilities and reconcile it to the cash balances for the commissary/inmate monies account. A list of liabilities prepared by audit staff was reconciled to the cash balances and a shortage of \$197 was identified. The seized property/evidence log is not accurate, and a physical inventory of seized property has not been conducted in at least 8 years. The Sheriff held commissary profits of \$3,300 outside the county treasury.

Public Administrator Controls and Procedures	Real estate and personal property were omitted from 3 out of 5 annual settlements reviewed by audit staff. Some invoices were not paid timely for 4 out of 5 annual settlements reviewed, and this along with inadequate review of invoices resulted in over payment to vendors.
Recorder of Deeds Bank Reconciliations	The Recorder of Deeds had not prepared formal bank reconciliations and identified month end liabilities since January 2010. At our request, the Recorder of Deeds prepared a list of liabilities, and the available cash balance exceeded identified liabilities by \$69 as of December 31, 2011.
Minutes, Personnel Policies, and Sheriff's Revolving Fund	County Commission minutes did not always include sufficient or correct information. A similar issue was noted in our prior audit report. The personnel policy manual has not been updated to reflect numerous changes made over the last several years. The county did not establish a Sheriff's Revolving Fund, as required by state law, so concealed weapon permit related fees were deposited into the Law Enforcement Sales Tax Fund and were not separately tracked.
Senate Bill 40 Board	The SB40 Board does not have written contracts with entities to which it provides funding and does not require the entities to submit financial reports or detailed information sufficient to allow the Board to monitor the use of the monies provided.
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**.^{*} However, the audit revealed serious shortcomings within the Prosecuting Attorney's office.

American Recovery and Reinvestment Act (Federal Stimulus)	During the audit period, Polk County received and expended \$55,543 in a Homelessness Prevention and Rapid Re-housing Program grant to provide homelessness prevention assistance and rapid re-housing assistance.
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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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Polk County

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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Polk County

We have audited certain operations of Polk County in fulfillment of our duties under Section 29.230, RSMo. In addition, Davis, Lynn & Moots, P.C., Certified Public Accountants, was engaged to audit the financial statements of Polk 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 Polk 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:

Deputy State Auditor:	Harry J. Otto, CPA
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Polk County Management Advisory Report State Auditor's Findings

1. Law Enforcement Sales Tax Fund

The amount of General Revenue (GR) Fund monies needed to support the Law Enforcement Sales Tax (LEST) Fund increased significantly over the past several years. Our prior audit report documented how the subsidy from the GR Fund increased significantly between 2005 and 2008 while receipts of the LEST Fund remained fairly constant. Between the years 2008 and 2011, receipts declined; however, spending of the LEST Fund remained fairly constant. Therefore, a continually increasing subsidy was needed to avoid budget deficit in the LEST Fund. The following table reflects the actual financial activity of the LEST Fund for 2008 through 2011, and budgeted financial activity of the LEST Fund for 2012:

	Year Ended December 31,				
	Budgeted	Actual			
	2012	2011	2010	2009	2008
Cash Balance, January 1	\$ 0	0	0	99,022	0
Receipts	1,655,795	1,583,552	1,642,628	1,632,470	1,991,545
Transfers from the GR Fund	195,902	659,396	591,222	459,099	364,574
Disbursements	(1,851,697)	(2,242,948)	(2,233,850)	(2,190,591)	(2,257,097)
Cash Balance, December 31	\$ 0	0	0	0	99,022

The above amounts were obtained from the county's 2012 and 2010 budget documents.

The county has taken some actions to address this situation including the elimination of several previously budgeted positions paid from the LEST Fund. However, the county has budgeted a 2012 transfer from the GR Fund of \$195,902 to the LEST Fund.

The County Commission, along with other county officials, should continue to take steps to minimize the transfers from the GR Fund to the LEST Fund. Long-term financial planning, including reducing discretionary spending where possible, evaluating management practices to ensure efficient use of resources, and attempting to maximize receipts from all sources should be performed.

Recommendation

The County Commission and other county officials take action to improve the financial condition of the LEST Fund.

Auditee's Response

The County Commission provided the following written response:

As stated in your findings, in this 2012 budget year we have already implemented steps in reducing transfers from the GR Fund to the LEST Fund. We did budget \$195,902 to transfer to the LEST this year, if needed. To date we have only transferred \$39,173.52 to the LEST Fund. As recommended by the Commission, we feel this a positive attempt by the elected officials in the LEST Fund, to monitor their line item expenditures in their budgets and to keep spending at a minimum. Since the economy does not seem to be improving and we are not seeing an increase in revenue but



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are seeing an increase in the costs of everyday expenses, we anticipate that more cuts may need to be made in next year's budget. It is our intention to build back our reserves in general revenue and to achieve that goal, expenditures in all county budgets will need to be monitored closely.

2. Disbursements

Weaknesses were noted in controls and procedures related to bidding, the recycling center, and fuel.

2.1 Bidding

The county did not solicit bids, maintain bid documentation, or document justification of sole source provider for several purchases paid from the LEST and GR Funds. As noted in MAR finding number 1, the disbursement of these funds should be carefully monitored to ensure a stronger financial condition.

- Bids for automotive repairs, office supplies, and information technology products were not properly solicited when purchases from these vendors exceeded \$4,500 in a 90 day period.
- The county failed to advertise for bids related to gravel, concrete, cold mix, and asphalt during the 2 years ended December 31, 2011. Instead, price sheets were acquired from various selected vendors for each type of product. The county indicated these price sheets were compared for each project prior to purchasing such products. However, no documentation was maintained to justify the vendor chosen for each project. During this period, the county disbursed more than \$2.2 million for the purchase of these items.
- The Sheriff's department did not solicit bids for the purchase of food and supplies needed to prepare prisoner meals (\$97,000) or medical services (\$68,000) during the 2 years ended December 31, 2011. Documentation of bids received by the Sheriff's department for wearable cameras (\$12,514) and a washing machine (\$5,001) was not retained and documentation justifying sole source procurement by the Sheriff's department was not prepared for the purchase of rearview mirror cameras (\$15,164) or radio repeaters (\$9,600) during the 2 years ended December 31, 2011.

Section 50.660, RSMo, provides guidance on bidding requirements and procedures. Routine use of a competitive procurement process for major purchases, including professional services, ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, the county's selection process, and criteria should be retained to demonstrate compliance with bidding requirements and to support purchasing decisions.



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2.2 Recycling center

The county disburses more than \$25,000 annually to operate a recycling center. The center is not adequately monitored, recyclable materials collected are not sold, and agreements with other parties are not written.

The county and the City of Bolivar jointly established a recycling center in 1998 in conjunction with a grant from the regional solid waste district. Several trailers and recyclable collection bins have been provided through additional grants. No written agreement was developed for this joint venture. The city provides the land and building and pays utility costs. All other costs, including equipment, fuel, supplies and the salary of one employee, are paid by the county. While many recyclables collected could be sold to recoup a portion of these costs, the center gives all aluminum, plastic, and tin to a local recycling business, and paper goods and glass items are either picked up at the center by an out of county business or are transported out of the county to be recycled. The recycling center employee indicated fees for the disposal of televisions and computer equipment are collected from citizens dropping off those items. Those items along with the fees are then taken to a recycling center in Springfield. No written agreements regarding the disposition of recyclables exist and no other monies are received for the recyclable goods. The County Commission does not monitor operations of the recycling center, and was unaware any fees were collected or that no monies were received for the other recyclables. The Commission has not conducted a review of the center's operational costs and procedures to determine whether continuing operation of the recycling center is a cost effective use of county funds.

While it may be desirable to fund certain operations, funding should be reviewed periodically to ensure activities are operated efficiently and continue to be in the best interest of the county. In addition, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

2.3 Fuel

The county has not established procedures to follow up on fuel use discrepancies. During 2011, the county purchased almost \$244,000 of fuel. The road and bridge department maintains three bulk fuel tanks (two 4,500 gallon diesel fuel tanks and one 1,000 gallon gasoline tank) at the road and bridge building. The bulk fuel tanks are metered, logs are maintained for fuel received and dispensed, and monthly and annual reconciliations of the fuel log to fuel purchases are completed by the County Clerk's office; however, discrepancies found during these reconciliations are not communicated to the County Commission or Road and Bridge Foreman for follow up. According to the fuel reconciliation completed by the county for the year ended December 31, 2011, 2,503 gallons of diesel fuel and 689 gallons of gasoline were purchased for which usage was not recorded. Based upon the average price paid per gallon for diesel and gasoline during 2011, this unaccounted for fuel is valued at more than \$10,400 (4 percent of



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total fuel purchased). Without adequate follow up, the county cannot determine the cause for the fuel use discrepancies, and therefore cannot resolve such discrepancies with fuel vendors and/or county employees.

To decrease the risk of theft or misuse of fuel occurring without detection and possibility of paying incorrect fuel billings, the county should establish follow up procedures when fuel reconciliations result in discrepancies.

Similar conditions
previously reported

Similar conditions to sections 2.1 and 2.3 were noted in our prior audit report.

Recommendations

The County Commission:

- 2.1 And the Sheriff perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
- 2.2 Evaluate whether continued involvement in the recycling center is in the best interest of the county. If involvement is continued, the County Commission should establish adequate monitoring procedures, develop policies regarding user fees and disposition of collected recyclables, and enter into written agreements with all parties.
- 2.3 Ensure all fuel reconciliation discrepancies are investigated.

Auditee's Response

The County Commission provided the following written responses:

- 2.1 *We will make every attempt to bid our purchases that exceed \$4,500 in a 90 day period and follow the bidding requirements and procedures outlined in Section 50.660, RSMo. We will also ensure bid documentation is retained.*
- 2.2 *We, the Commission, have already taken steps to monitor procedures and policies regarding user fees and disposition of recyclables. We are no longer accepting items that require a fee for disposal. We understand that in the future we may have to evaluate whether continued involvement in the recycling center is in the best interest of the county. In the meantime, we will contact the city of Bolivar and implement a written agreement for the joint venture.*
- 2.3 *After the auditors findings of discrepancies found in Fuel Log procedures, we went back through our records and found a probable vendor miscalculation in September of 2011 that we feel may have accounted for the large amount of diesel that was not accounted for. Therefore, we have modified our procedures for*



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reconciling our fuel logs. The County Clerk's office will continue to reconcile the fuel logs each month and present them to the Commission and the Road and Bridge foreman for review. Any discrepancies can then be discussed and handled as needed.

The Sheriff provided the following written responses:

2.1 *In the future we will get with the Clerk of the County and try to fill out proper paperwork that they require for the bid process.*

3. Prosecuting Attorney Controls and Procedures

Failure to segregate duties related to traffic tickets and accounting records created the opportunity for theft of monies collected by the Prosecuting Attorney's office. We also noted other controls and procedures in the Prosecuting Attorney's office are in need of significant improvement. The Prosecuting Attorney's office processed more than \$231,000 in bad check restitution and fees, and court ordered restitution during the 2 years ended December 31, 2011.

3.1 Segregation of duties

Traffic ticket amendment and accounting duties are not adequately segregated. One clerk in the Prosecuting Attorney's office receives and reviews all traffic tickets; applies the Prosecuting Attorney's facsimile signature stamp to the traffic tickets; determines if a traffic ticket can be amended to a lesser charge in exchange for a higher fine; and completes and applies the Prosecuting Attorney's facsimile signature stamp to the amendment offer. Further, this clerk is also responsible for receiving, recording, transmitting or depositing all monies for amended traffic tickets, and bad check and court ordered restitution cases; and completing bank reconciliations. No documented supervisory review of ticket procedures, transmittals and/or deposits, or other accounting records and procedures is performed.

The Prosecuting Attorney indicated a former traffic ticket clerk in his office had stolen \$209 collected for an amended traffic ticket. The former employee was able to conceal theft due to the lack of segregation of duties and oversight. The theft was only discovered after the defendant contacted the court to verify whether the payment had been transmitted by the Prosecuting Attorney's office and it had not. The Prosecuting Attorney required repayment of the monies, terminated the employee in August 2011, and conducted a review of similar transactions and found no other evidence of missing monies.

Proper segregation of duties and/or documented supervisory reviews of accounting records and procedures, are necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded.



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3.2 Receipting and depositing

Procedures for receipting and depositing monies need improvement.

- Receipt slips are not issued for traffic ticket payments received and transmitted to the court.
- The numerical sequence of receipt numbers assigned by the computerized accounting system is not accounted for properly. As a result, receipt information deleted from the accounting system has gone undetected. Information for 3 of 35 receipt slips reviewed, issued between October 20 and November 18, 2011, was not retained in the system. The clerk contacted the computer system programmer who determined this information had been deleted from the system and no record remains of these transactions.
- Receipt dates entered into the system were not always accurate and in sequential order. For example, the receipt date recorded for receipt number 79 was November 1, 2011, the receipt date for number 80 was October 27, 2011, and the receipt date for number 82 was November 1, 2011. Receipt number 81 was a deleted receipt and no record was available. The accounting system allows the user to enter the date of the receipt into the system.
- Monies received are not always deposited timely. For example, checks and money orders collected between January 30 and February 3, 2012, totaling \$4,107, were not deposited until February 8, 2012.

Failure to implement adequate receipting and depositing procedures increases the risk that loss or misuse of monies received will go undetected. In addition, without accounting for the numerical sequence of receipt slips, the Prosecuting Attorney cannot ensure all monies received are properly recorded and deposited.

3.3 Adjustments

Independent approval of adjustments made to the computerized accounting system is not documented. The bad check clerk has the ability to post adjustments to the computer system without obtaining independent approval. This clerk is also responsible for receiving, recording, and depositing bad check monies received. Several adjustments were made to bad check defendant accounts to remove amounts due from the system; however, approval of those adjustments was not documented. Common reasons for the adjustment entry recorded in the computerized accounting system included defendant incarceration and duplicate receipts.

To ensure the validity and propriety of all adjustments, someone independent of receipting and recording functions should review and approve all adjustments.



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3.4 Inactive bank account

The Prosecuting Attorney has a dormant bank account which should be closed. Monies totaling \$980 were held in an account established by the former Prosecuting Attorney. Upon our request, the bad check clerk reviewed the related records and identified outstanding checks totaling \$584 and an unidentified balance of \$396 in the account at March 31, 2012.

Maintaining a dormant account increases the risk of misuse of funds. To ensure funds are disposed of properly, the Prosecuting Attorney should attempt to identify and distribute the funds held in the dormant bank account, dispose of any unclaimed or unidentified funds in accordance with state law, and close the account.

3.5 Record retention

Some case files could not be located. For 3 of 22 bad check and court ordered restitution cases selected for review, case files could not be located by office personnel. Record retention is necessary to ensure the validity of transactions and provide an audit trail.

Similar conditions previously reported

Similar conditions to sections 3.2 and 3.4 were noted in our prior audit report.

Recommendations

The Prosecuting Attorney:

- 3.1 Ensure the approval of ticket amendments is adequately documented. In addition, the Prosecuting Attorney should segregate traffic ticket amendment and accounting duties to the extent possible and ensure adequate supervisory reviews of records are performed and documented.
- 3.2 Issue receipt slips for all monies received, and ensure receipt slips are properly dated, sequentially numbered, and accounted for properly. In addition, the Prosecuting Attorney should ensure all monies are deposited timely.
- 3.3 Require supervisory review and approval for accounting adjustments and retain adequate documentation to support all adjustments.
- 3.4 Investigate unidentified balances and follow up on old outstanding checks in the dormant bank account. Unclaimed or unidentified monies should be disposed of in accordance with state law, and the account should be closed.
- 3.5 Ensure records are properly retained.



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Auditee's Response

The Prosecuting Attorney provided the following written responses:

- 3.1 *The duties are segregated to the extent possible given the limited number of clerks. It should be noted that as to traffic tickets this office does not deposit any funds on traffic matters. If a money order is received from a defendant, it is required that it be payable to the circuit clerk only and forwarded to the clerk. A receipt for the funds is now received from the clerk and placed in the file. I will run a report of amendments completed and document my review periodically.*
- 3.2 *Receipts are issued for all monies received for this office using the Karpel software and its numbering sequence and date. All monies are now deposited on a timely basis.*
- 3.3 *All accounting adjustments made are now approved by the prosecutor and documented at the time the adjustment is made along with a monthly review of the account.*
- 3.4 *The old account has been closed. The old or unclaimed account balances in that account have been disposed of in accordance with state law with the funds turned over to the treasurer. We will review the new account annually for stale or unclaimed funds.*
- 3.5 *A duplicate scanned copy of all files is now maintained by the office.*

4. Property Tax System Controls and Procedures

Controls and procedures over the property tax system need improvement. The County Collector processed approximately \$13.5 million annually for the years ended February 29, 2011 and 2010.

- 4.1 Additions and abatements As similarly noted in our several prior audit reports, the County Commission and County Clerk did not perform adequate or timely reviews of property tax additions totaling \$204,561 and abatements totaling \$93,966 for the year ended February 29, 2012. The Assessor enters information for additions and abatements into the tax system. Court orders, showing the original tax due, value of change made, and adjusted tax due are then printed in the County Collector's office; however, these court orders are not reviewed or signed by the County Commission. Instead, a summary report of changes made to the property tax system is printed by the County Collector and provided to the County Clerk who then gives it to the County Commission. Although the County Commission approves the summary report, neither the County Clerk nor the Commission review the summary report for accuracy.



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In addition, the summary reports of changes made to the property tax system throughout the year are not always presented and approved by the County Commission in a timely manner. Additions totaling \$125,658 and abatements totaling \$45,634 were entered into the system between September and December 2011, but were not presented to the County Commission for approval until March 2012. Further, the County Clerk does not reconcile the court orders for additions and abatements to actual changes made to the property tax system. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly monitored and errors or irregularities could go undetected.

Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. If it is not feasible for the County Clerk to make corrections to the tax books, periodic reviews and timely approvals of court orders, along with an independent reconciliation of approved additions and abatements to actual corrections made to the property tax system, would help ensure changes are proper.

4.2 Review of property taxes

Neither the County Commission nor the County Clerk adequately reviews the activities of the County Collector. The County Clerk does not prepare or verify the accuracy of the current or back tax books. The County Collector enters the tax rates, which are obtained from the County Clerk, and extends and saves the current tax books. The County Collector also prepares the back tax books. The County Clerk indicated she reviews a system generated report of the tax rates entered into the property tax system after entry by the County Collector. Although the County Clerk maintains an account book, she does not calculate the totals for the year and reconcile the amounts to the County Collector's annual settlements. Failure to adequately review and verify tax books and annual settlements could result in errors or irregularities going undetected.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and back 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, she should verify the accuracy of the tax books and document approval of the tax book amounts to be charged to the County Collector. The County Commission and the County Clerk should perform a thorough review of the County Collector's settlements.

Recommendations

- 4.1 The County Commission and Assessor ensure all changes made to the property tax system are supported by court orders approved by the County Commission in a timely manner. In addition, the County Clerk should develop procedures to adequately monitor court orders



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to ensure only authorized additions and abatements are posted to the property tax system.

- 4.2 The County Clerk prepare the current and back tax books or, at a minimum, verify the accuracy of the tax books prior to charging the County Collector with property tax amounts to be collected. Additionally, the County Commission and County Clerk should perform a thorough review of the County Collector's monthly and annual settlements.

Auditee's Response

The County Commission provided the following written responses:

- 4.1 *We will work with the County Clerk to review court orders in a timely manner.*
- 4.2 *We will request the Collector's Monthly Statements and Annual Settlement from the Clerk and review.*

The County Clerk provided the following written responses:

- 4.1 *Because of new Collector/Assessor software implemented in September 2010, there have been some changes as to whom the County Clerk receives reports from. The Clerk is going to contact the IT person and see if it is possible for copies of the court orders prepared by the Assessor to also be printed in the Clerk's office as well as the Collector's office for immediate review by the Commission and the County Clerk. These court orders will then be reconciled with the monthly add-on and abatement report received from the Collector, and a copy of the court orders provided to the Assessor.*
- 4.2 *Upon the recommendations from the auditors, procedures are being implemented to reconcile the Collector's Monthly Statements to the Collector's Annual Settlements. The County Clerk will reconcile the Form 11A to the Collector's Charge and against the current tax books. The County Clerk will randomly check assessed valuations with levy amounts to make sure that extensions are correct, so that the County Clerk can verify the accuracy of the tax books and document approval of the tax book amounts.*

The County Assessor provided the following written response:

- 4.1 *In the future, we will be requesting a copy of the approved changes in personal and real property assessments.*



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5. Sheriff Controls and Procedures

Controls and procedures in the Sheriff's Department are in need of improvement. The Sheriff's Department processed more than \$510,000 during the 2 years ended December 31, 2011.

5.1 Segregation of duties

Accounting duties in the jail and Sheriff's office are not adequately segregated. The jail supervisor is responsible for receiving, recording, depositing, and disbursing all inmate monies collected in the jail. The jail supervisor receives bonds and transfers them to the Sheriff's secretary for further processing. The Sheriff's secretary is responsible for receiving, recording, depositing, and disbursing all monies collected in the Sheriff's office or transferred from the jail, including civil fees, carry and conceal fees, board bill payments, and bonds. In addition, the jail supervisor and secretary are responsible for completing bank reconciliations for their respective bank accounts. While the Sheriff reviews and initials deposit slips prepared for monies received in the Sheriff's office, no review of jail deposits or any other documentation is completed. Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, the Sheriff should implement a documented independent or supervisory review to ensure bank records are in agreement with accounting records.

5.2 Liabilities

A monthly list of liabilities is not prepared and reconciled to the cash balance for the commissary/inmate monies bank account. We prepared a list of known liabilities as of March 31, 2012, which totaled \$3,896, while the available cash balance was \$3,699, indicating a shortage of \$197.

A complete and accurate list of liabilities should be prepared monthly and reconciled to the book balance to ensure records are in balance and sufficient funds are available for payment of all liabilities. Any differences between the monthly lists of liabilities and reconciliations should be investigated and resolved.

5.3 Seized property

The seized property/evidence log is not accurate. The log is not updated in a timely manner, does not include all items collected as evidence, and includes items which were sold at a Sheriff's sale in 2011. In addition, the Sheriff's office has not conducted a physical inventory of all seized property in at least 8 years.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss or misuse of the stored items. Complete and accurate inventory control records should be maintained and periodic physical inventories should be performed and the results compared to the inventory records to ensure seized property is accounted for properly.



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5.4 Commissary profits

The Sheriff maintains profits from commissary sales outside the county treasury. As of March 31, 2012, there was approximately \$3,300 in profits held in the commissary account which should be distributed to the county treasury.

There is no statutory authority allowing the Sheriff to hold county monies outside the county treasury. Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such monies to the County Treasurer. In addition, Attorney General's Opinion No. 45, 1992 to Henderson, states sheriffs are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury.

Similar conditions previously reported

Similar conditions to sections 5.1 and 5.2 were noted in our prior audit report.

Recommendations

The Sheriff:

- 5.1 Adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.
- 5.2 Prepare a list of liabilities and reconcile the list to the book balance monthly for the commissary/inmate monies bank account. Any differences should be investigated and resolved.
- 5.3 Ensure all seized property received is promptly recorded on the property log and the disposition of seized property is accurately reflected on the property log, and require a periodic inventory be performed and reconciled to the log.
- 5.4 Disburse all commissary profits to the County Treasurer monthly.

Auditee's Response

The Sheriff provided the following written responses:

- 5.1 *We will implement this recommendation.*
- 5.2 *The staff and I are already working to correct this issue. I recommend that we either find a provider that handles and tracks all the inmate monies for commissary, or do away completely with the inmate commissary program. Each time we have received an audit this has always been an issue. My recommendations are what I see as the only way to cure this issue. We will review this program and find the shortfall.*



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- 5.3 *We are using the same process we have used for at least 16 years and were never an audit problem. The current process we are using is a self inventory. I don't understand the reason for physically inventorying.*
- 5.4 *We have used the same system for years on commissary profits. The profits were used strictly for items for the inmates: paper, stamps, envelopes, games, books, movies, TV's etc. I have never been told this was not the correct way. At the recommendation of the auditor this is being changed immediately.*

Auditor's Comment

- 5.3 As previously noted, a physical inventory of seized property is necessary to reduce the risk of loss or misuse of items held by the Sheriff and to ensure the accuracy of the inventory records. Had a physical inventory been performed, the errors noted on the log should have been identified.

**6. Public
Administrator
Controls and
Procedures**

The Public Administrator failed to file complete or accurate annual settlements, did not adequately review invoices, and did not always pay invoices in a timely manner.

- Real estate and personal property were omitted from three of five annual settlements reviewed. For example, while the annual settlement filed for one ward identified the payment of real estate and personal property taxes, no real or personal property was listed by the Public Administrator on the annual settlement. According to the Public Administrator, this property should be valued at approximately \$60,000.
- Untimely payment of invoices was detected during our review of annual settlements and related supporting documentation for four of five cases reviewed. As a result of untimely payment, vendors often remitted a second invoice to the Public Administrator which included a past balance due that had been paid after the cut off date for the vendor's billing cycle and therefore not yet credited. Because the Public Administrator failed to adequately review these invoices, the invoice total was paid resulting in over payment to the vendor.

The Associate Circuit Court, Probate Division reviews and the approves annual settlements filed by the Public Administrator; however, the court's review did not detect the omissions from the annual settlements, untimely payments, or overpayments. Failure to adequately review settlements increases the risk that errors or misuse of funds could go undetected.

To ensure the financial activity of the estates is accurately and completely reported to the court, all assets should be reflected on the annual settlements, and invoices should be thoroughly reviewed and promptly paid.



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Recommendation

The Public Administrator should ensure invoices are reviewed and paid in a timely manner for the correct amount and annual settlements are accurately prepared. In addition, the Associate Circuit Court, Probate Division should establish procedures to adequately review annual settlements filed with the court.

Auditee's Response

The Public Administrator provided the following written response:

My duties to provide placement and care for my many clients must take priority over other tasks at times. I will work to ensure bills are paid timely and correctly and inventory items are properly reported in annual settlements.

The Associate Circuit Judge indicated he would continue to follow the statutes and the canons of judicial ethics.

7. Recorder of Deeds Bank Reconciliations

The Recorder of Deeds failed to prepare formal bank reconciliations and identify month end liabilities since January 2010. At our request in March 2012, the Recorder of Deeds performed bank reconciliations for the months of February 2010 through March 2012. The Recorder of Deeds prepared a list of liabilities as of December 31, 2011, totaling \$16,456; however the available cash balance was \$16,525, resulting in a \$69 unknown liability. Formal bank reconciliations including complete and accurate lists of liabilities should be prepared monthly. Liabilities should be reconciled to the book balance to ensure records are in balance and sufficient funds are available for payment of all liabilities. Any differences between the monthly lists of liabilities and reconciliations should be investigated and resolved.

Recommendation

The Recorder of Deeds prepare monthly bank reconciliations. In addition, a list of liabilities should be prepared and compared to the reconciled cash balance. Any differences should be investigated and resolved.

Auditee's Response

The Recorder of Deeds provided the following written response:

End of month procedure will be to download the monthly bank statement on the last day of each month to prepare the end of month checks and reports, including a list of liabilities, and review and reconcile the bank statement with Quicken software before the monthly report is turned over to the Treasurer, County Clerk and County Commission. Any differences will be investigated and resolved, as advised.



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8. Minutes, Personnel Policies, and Sheriff's Revolving Fund

County Commission minutes were not always sufficient or correct, the county's personnel policy manual has not been updated for changes approved by the County Commission, and the county has not established a Sheriff's Revolving Fund.

8.1 Minutes

Minutes of the County Commission do not always include sufficient or correct information. The County Clerk failed to document votes to approve contracts signed and noted commissioners present and then later absent during the same meeting. Minutes also documented discussion with various individuals, but often failed to provide adequate identifying information (i.e., last name and title) and include the purpose of the discussion. The County Commission's review and approval at subsequent meetings did not identify some errors we noted. Inadequate minutes can lead to subsequent confusion as to Commission intentions and possible incorrect interpretation of Commission actions by the general public or other outside entities.

The minutes are the official record of actions taken by the Commission. Care should be taken to ensure minutes are accurate and provide sufficient information to identify issues discussed and decisions made, and ensure understandability by outside users. Careful review and approvals of prior meeting minutes is important to ensure sufficiency and accuracy.

A similar condition was noted in our prior audit report.

8.2 Personnel policy

The county has made numerous changes to its personnel policies over the past several years, but the personnel policy manual has not been updated. For example, while the personnel policy manual allows compensation for travel in a personal vehicle at the rate of 25 cents per mile, the rate established and paid by the county during the 2 years ended December 31, 2011, was 50 cents per mile. Due to numerous discrepancies, the personnel policy manual is no longer printed and distributed to new employees, and is not relied upon for use by county officials or the County Commission. An up to date and clear personnel policy manual is necessary to ensure compliance and equitable treatment of employees.

8.3 Sheriff's Revolving Fund

The Sheriff's Revolving Fund has not been established as required by state law, and fees collected for processing concealed weapon permit applications or renewals were deposited to the Law Enforcement Sales Tax Fund. By not separately tracking concealed weapon permit fees collected and spent, the county cannot determine at a point in time the balance in the Law Enforcement Sales Tax Fund that represents restricted concealed weapon monies or demonstrate compliance with statutory provisions regarding allowable uses. The Sheriff collected approximately \$15,210 for concealed



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weapon permit applications during the year ended December 31, 2011. No fees were collected prior to this period.

Section 571.101, RSMo, authorizes the Sheriff to charge non-refundable fees for processing a first time application and a renewal fee for a concealed weapon permit which shall be paid to the county treasury to the credit of the Sheriff's Revolving Fund.

Recommendations

The County Commission:

- 8.1 Ensure meeting minutes include sufficient information necessary to provide a complete and accurate record of significant matters discussed and actions taken. In addition, the County Commission should improve its review and approval process over prior meeting minutes.
- 8.2 Update the personnel policy manual.
- 8.3 And the County Treasurer establish the Sheriff's Revolving Fund as required by state law.

Auditee's Response

The County Commission provided the following written responses:

- 8.1 *The County Clerk has already implemented the recommendations of the auditors to include sufficient information necessary to provide a complete and accurate record of all significant matters discussed and action taken during meetings. Steps have been taken to improve the procedure for reviewing and approval process over prior meeting minutes.*
- 8.2 *It is the intention of the Commission with assistance from the County Clerk to update the personnel policy manual next year. The County Clerk has already contacted the Missouri Association of Counties and other counties for a sample policy to use as a model and through our liability insurance carrier we have access to a human resource specialist to assist us in this project.*
- 8.3 *The County Clerk has been in contact with the Sheriff's Department regarding this fund. Steps are being taken to amend the 2012 budget to add the Sheriff's Revolving Fund and transfer the fees collected in 2012 from LEST to the Sheriff's Revolving fund.*

The County Treasurer provided the following written response:

- 8.3 *I have established a Sheriff's Revolving Fund; and when the budget is amended, fees will be transferred out of LEST into this fund.*



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9. Senate Bill 40 Board

The Senate Bill 40 (SB40) Board does not have written contracts with entities to which it provides funding and does not require the entities to submit financial reports or detailed information to enable the Board to adequately monitor the use of monies provided. During the 2 years ended December 31, 2011, the Board provided funding totaling \$111,214.

Clear and detailed written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing. In addition, to ensure funds are properly expended, financial reports documenting how funds are spent should be obtained and reviewed by the Board.

A similar condition was noted in our prior audit report.

Recommendation

The SB40 Board enter into written contracts for funding requests that clearly detail the services to be performed and the compensation to be paid or benefits received, and require contractors to provide financial reports documenting how funds provided are spent.

Auditee's Response

The SB40 Board provided the following written response:

We will enter into written contracts for all funding requests and require financial reports be submitted and reviewed.

Polk County

Organization and Statistical Information

Polk County is a county-organized, third-class county. The county seat is Bolivar.

Polk 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 77 full-time employees and 13 part-time employees on December 31, 2011.

In addition, county operations include a Senate Bill 40 Board, Senior Citizens' Services Board, and Law Enforcement Restitution 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
Denzil Roberts, Presiding Commissioner	\$	30,380
Billy Dryer, Associate Commissioner		28,380
Kyle Legan, Associate Commissioner		28,380
Carol Poindexter, Recorder of Deeds		43,000
Melinda Robertson, County Clerk		43,000
Kenneth R. Ashlock, Prosecuting Attorney		109,366
Steven Bruce, Sheriff		48,720
Vonna Bauer, County Treasurer		43,000
Roy Harms, County Coroner (1)		17,538
Barbara Davolt, Public Administrator		43,000
Debbi McGinnis, County Collector, year ended February 29,	43,000	
Carolyn Page, County Assessor, year ended August 31,		43,000
John R. M. Nelson, County Surveyor (2)		

(1) Compensation includes a onetime payment of \$2,538 pursuant to Section 58.095.5, RSMo.

(2) Compensation on a fee basis.



Polk 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, 2011.

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 \$55,543 was passed through to Polk County. The county spent \$55,543 during the 2 years ended December 31, 2011, 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.