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Missouri State Auditor

Chariton County



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Chariton County

Payroll	Compensatory leave earned by Sheriff's deputies is not calculated in accordance with county personnel policies and is not in compliance with the Fair Labor Standards Act. Audit staff reviewed payroll records for 5 months and found that 107.5 hours of compensatory time were awarded when only 1.5 hours were actually earned based upon county personnel policies. The Sheriff's office does not conduct an adequate review of deputy timesheets and vacation and sick leave, and the County Clerk does not maintain a record of accumulated leave and compensatory time for Sheriff's office employees.
Sheriff's Controls and Procedures	As noted in our prior audit report, neither the Sheriff's department nor the county has formally analyzed whether it is using the most cost-effective means of providing prisoner meals. Decreases in the average number of daily prisoners have resulted in an increase in cost per meal from \$9.50 per day in 2004 to \$35.00 per day in 2011. In addition, procedures to track the location of seized property and evidence are not adequate.
County Procedures	The County Commission does not maintain adequate, updated, official minutes of its meetings, and although noted in the prior two audit reports, the county personnel policy manual has not been updated since 1989.
Public Administrator's Controls and Procedures	The Public Administrator does not file some annual settlements and status reports with the Probate Division in a timely manner. Of the 34 annual settlements or status reports due during 2010 and 2011, 6 had not been filed as of February 2012 and 25 were filed late (9 more than 10 months late).
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)

The county was awarded the following Federal Stimulus monies during the audit period:

A \$7,023 Emergency Watershed Protection Program grant, all of which was expended for levee repairs in Chariton Township.

A \$19,802 Homeless Prevention and Rapid Re-Housing Technical Assistance grant, \$12,395 of which was spent through a contract with the Missouri Valley Community Action Agency, \$223 of which was paid to the county for administrative fees, and \$7,184 of which expired.

*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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Chariton County

Table of Contents

State Auditor's Report	2
------------------------	---

Management Advisory	
Report - State Auditor's	
Findings	
1. Payroll	4
2. Sheriff's Controls and Procedures	5
3. County Procedures	7
4. Public Administrator's Controls and Procedures	8

Organization and Statistical	9
Information	



THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Chariton County

We have audited certain operations of Chariton County in fulfillment of our duties under Section 29.230, RSMo. In addition, Casey-Beard-Boehmer PC, Certified Public Accountants, was engaged to audit the financial statements of Chariton 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; 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 Chariton 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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Audit Manager:	Robert Showers, CPA, CGAP
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	Richard Mosha, MBA

Chariton County

Management Advisory Report

State Auditor's Findings

1. Payroll

Compensatory leave earned by Sheriff's deputies is not in compliance with county policy or the Fair Labor Standards Act of 1938 (FLSA). In addition, the review of deputy timesheets is not adequate, and the County Clerk does not maintain centralized records of vacation and sick leave and compensatory time for Sheriff's department employees.

1.1 Compensatory time

Compensatory leave earned by Sheriff's department deputies is not calculated in accordance with county personnel policies and is not in compliance with the FLSA. County personnel policies provide that Sheriff's deputies will accrue compensatory leave for any time worked over 171 hours during a 28 consecutive day period; however, the Sheriff's department currently awards compensatory time to deputies who work more than 8 hours per shift.

Current policy is also not in compliance with the FLSA since the Sheriff awards compensatory time as straight time off when the FLSA requires the county provide compensatory time at time and one-half. In addition, current policy allows deputies to accrue a maximum of 480 hours of compensatory time while the FLSA only allows law enforcement officers to accrue a maximum of 240 hours of compensatory time.

We reviewed payroll records of deputies for March and April 2010 and August through October 2011, and determined that compensatory time of 107.5 hours was awarded when compensatory time of only 1.5 hours was actually earned if calculated based on county personnel policies.

Compliance with county policy and the FLSA is necessary to limit any potential liability for compensatory time not properly earned.

1.2 Payroll oversight

An adequate review of deputy timesheets and vacation and sick leave records was not performed by the Sheriff's office. In addition, the County Clerk does not maintain a record of accumulated leave and compensatory time for Sheriff's office employees. As a result, a review of the Sheriff's payroll records for March and April 2010 and August through October 2011 identified multiple errors on timesheets related to total hours worked, vacation accrued, and compensatory time earned.

Without an adequate review process, the county cannot ensure payroll and leave records are in agreement, leave and compensatory time is properly computed, compliance with the county personnel policies manual, and errors are detected and corrected timely. Having the County Clerk maintain centralized leave and compensatory time records of all county employees helps ensure county policy is properly followed, and all leave and compensatory time records are complete and accurate. Centralized records also limit the potential for disputes over liabilities for employees leaving county employment, and demonstrate compliance with the FLSA.



Chariton County
Management Advisory Report - State Auditor's Findings

Recommendations

The Sheriff and the County Commission:

- 1.1 Ensure compensatory leave is computed for law enforcement officers in compliance with the FLSA, and ensure county policy is modified to reflect FLSA standards.
- 1.2 Adequately review timesheets and leave records for accuracy and provide timesheets and leave information to the County Clerk for leave balance and compensatory time tracking.

Auditee's Response

The Sheriff provided the following written response:

- 1.1 *I met with the County Commission to discuss county policy for Chariton County deputies. We discussed several options and they will set new policy in the near future and the Sheriff's Office will follow said policy. It is my understanding that the Commission will change the county policy to reduce the maximum compensatory time to be consistent with FLSA. The Sheriff's Office will follow county policy when established.*
- 1.2 *A new computer program has been established to follow and keep a complete listing of sick, vacation, and compensatory time. This will be forwarded to the County Clerk on a monthly basis.*

The County Commission provided the following written responses:

- 1.1 *The county personnel policy will be changed to comply with FLSA standards.*
- 1.2 *The Sheriff has agreed to provide records to the County Clerk who will track leave balances and compensatory time for employees in the Sheriff's department.*

2. Sheriff's Controls and Procedures

No cost analysis has been performed to determine the most cost effective method of providing prisoner meals, and procedures for seized property in the Sheriff's office are not adequate.

2.1 Prisoner meals

As was noted in our prior report, neither the Sheriff's department nor the county has formally analyzed whether the current method of providing prisoner meals is the most cost effective. Decreases in the average number of daily prisoners in the county jail have resulted in significant increases in the per-meal cost to feed county prisoners. The average daily number of prisoners held in the county jail has decreased from 21 in 2004 to 6 in 2011. As a result, the average cost to provide meals to each prisoner has increased from approximately \$9.50 per day in 2004, to \$35 per day in 2011.



Chariton County Management Advisory Report - State Auditor's Findings

The county provides prisoner meals by purchasing food supplies from a local vendor and having two full-time cooks prepare and serve daily meals at the county jail. During the year ended December 31, 2011, the county spent approximately \$36,223 on food supplies for the jail. Additionally, the county spent approximately \$39,366 on labor costs associated with the preparation of these meals.

A cost analysis would allow the Sheriff's department and the County Commission to determine if expenditures for prisoner meals are reasonable or if there are more cost effective alternatives available for providing prisoner meals.

2.2 Seized property

Procedures in place to track the location of seized property and evidence are not adequate. Our review of the manual log of seized property and evidence determined the log did not always document the accurate storage location of property/evidence. In addition, evidence bags did not always document the case number associated with the evidence. Further, a physical inventory of all seized property has not been documented.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the items. Inventory control records and evidence bags should include information such as description, persons involved, current location, case number, date of seizure, and disposition of such property. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure seized property is accounted for properly.

Recommendations

The Sheriff:

- 2.1 Consider whether the county might have other less costly alternatives for providing prisoner meals.
- 2.2 Require all seized property/evidence be properly recorded on evidence bags and the inventory control log. In addition, a periodic inventory should be taken and reconciled to the log.

Auditee's Response

The Sheriff provided the following written responses:

- 2.1 *This has been a topic with the Sheriff's Office and Commission for several years. I will meet with Commission and discuss this issue.*
- 2.2 *I will change the procedures as per logging evidence in. I will require a case number prior to being logged into evidence. I will have the secretary leave an open case number on her desk each night in case of evidence being taken. I will do a monthly inventory of all evidence.*



Chariton County
Management Advisory Report - State Auditor's Findings

The County Commission provided the following written response:

2.1 *The Commission and Sheriff have discussed alternative methods. The county will bid the food, although options are limited.*

3. County Procedures

The County Commission does not maintain adequate, updated official minutes of its meetings, and the county personnel policy manual has not been updated in many years. Both of these issues have been addressed in prior reports.

3.1 Open minutes

The County Commission does not maintain adequate, updated official minutes of its meetings. While unofficial notes from the meetings are maintained by one of the commissioners, as of March 2012, the County Clerk has not entered the 2010 or 2012 minutes into the official record or submitted them to the County Commission for approval. A current, accurate record of commission proceedings would help the county demonstrate compliance with statutory provisions related to issues such as budget approval, the Sunshine Law, bidding, and purchasing decisions, and would also serve as a reference source should questions arise from the public, employees, contractors, etc. In addition, timely approval adds assurance to the accuracy of official minutes and allows a review of the contents to ensure the minutes include all important information regarding the meetings.

Section 610.023.2, RSMo, states that each public governmental body shall make that body's public records available for inspection and copying by the public. In addition, Section 51.120, RSMo, requires the County Clerk to maintain an accurate record of orders, rulings, and proceedings of the County Commission.

3.2 Personnel policies

The county personnel policy manual has not been updated since 1989. Although the County Commission indicated in the prior two reports that it would begin updating the personnel policy manual, this has not been completed. During our review of the manual, we noted that policy changes, such as mileage reimbursement rates and county allowances, are not updated and are communicated to the various county offices verbally. In addition, policies regarding some significant areas, such as appropriate uses of county property and the Family Medical Leave Act are omitted.

An updated comprehensive personnel policy manual benefits both county officials and employees by providing a basic understanding between the parties regarding rights and responsibilities, provides guidance should questions or disputes arise, and helps ensure county policies are fairly and consistently applied to all county employees.



Chariton County
Management Advisory Report - State Auditor's Findings

Recommendations

The County Commission:

- 3.1 Ensure a formal and complete record of commission meetings is made and approved on a timely basis.
- 3.2 Establish and formally adopt a current personnel policy manual and ensure it is updated periodically to reflect new or changed policies.

Auditee's Response

The County Commission provided the following written responses:

- 3.1 *The county will ensure official minutes are kept.*
- 3.2 *The county will adopt an updated personnel policy which will be in compliance with state and federal laws.*

4. Public Administrator's Controls and Procedures

Despite being provided with notices by the court that settlements are due, the Public Administrator does not file some annual settlements and status reports with the Probate Division in a timely manner in compliance with state law. The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Associate Circuit Court-Probate Division, and is responsible for the financial activity of approximately 20 individuals. Of 34 annual settlements or status reports due during 2010 and 2011, 25 were filed late and 6 had yet to be filed as of February 2012. Additionally, of the 25 cases that were filed late, 9 were more than 10 months late.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate within 30 days after the anniversary of the appointment and each year thereafter until the final settlement. Timely 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.

Recommendation

The Public Administrator establish procedures to track when each annual settlement is due to the Probate Division. In addition, the Public Administrator should work with the Probate Division to establish procedures to ensure annual settlements and annual status reports are submitted in accordance with state law.

Auditee's Response

The Public Administrator provided the following written response:

I will catch up on my late settlements and try my best to get my settlements in on time in the future.

Chariton County

Organization and Statistical Information

Chariton County is a township-organized, third-class county. The county seat is Keytesville.

Chariton 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 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 37 full-time employees and 7 part-time employees on December 31, 2011. The townships maintain county roads.

In addition, county operations include a Senate Bill 40 Board and the Domestic Violence 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
Tony McCollum, Presiding Commissioner	\$	26,354
Ray Dowell, Associate Commissioner		24,354
Lawrence Gladbach, Associate Commissioner		24,354
Eric Stallo, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Susan Littleton, County Clerk		36,900
Bryan Scheiderer, Prosecuting Attorney		44,100
Christopher Hughes, Sheriff		40,500
Larry Breshears, County Coroner		11,700
Patti Yung, Public Administrator		20,000
Beverly Vasser, County Collector/Treasurer, year ended March 31,	37,508	
Darrin Gladbach, County Assessor , year ended August 31,		36,000

(1) Compensation is paid by the state.

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:

An Emergency Watershed Protection Program grant was awarded to the county by the Natural Resources Conservation Service of the U.S.



Chariton County
Organization and Statistical Information

Department of Agriculture for \$7,023. These funds were expended for levee repairs in Chariton Township.

A Homeless Prevention and Rapid Re-Housing Technical Assistance grant was awarded to the county by the U.S. Department of Housing and Urban Development for \$19,802. The county contracted with the Missouri Valley Community Action Agency to expend this award. A total of \$12,395 was reimbursed to the agency, and an additional \$223 was paid to the county for administrative fees. The remaining amount of the grant has expired. The payments were made for technical assistance and training on programs administered by the agency.