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Missouri State Auditor

Oregon County

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<http://auditor.mo.gov>



CITIZENS SUMMARY

Findings in the audit of Oregon County

Sheriff's Controls and Procedures

As noted in our prior audit reports, significant weaknesses continue to exist in the Sheriff's accounting controls and procedures. Accounting duties are not adequately segregated, the Sheriff does not provide adequate oversight, and accounting records are not maintained in an accurate, complete, and organized manner. Some entries on receipt slips and accounting records were not legible, and error correction fluid was used on many records. Receipt slips were not issued for some monies received, monies were often not recorded on receipt slips and receipt ledgers immediately when received, the numerical sequence of receipt slips was not accounted for properly, generic receipt slips were utilized, and the method of payment was not always accurately indicated on receipt slips. Checks were not restrictively endorsed immediately upon receipt, receipts were often not deposited intact or timely, and some receipts were not deposited. Bond forms are not prenumbered, copies of bond forms issued are not always maintained, and receipt slips were not obtained when transmitting bond monies directly to the Circuit Court. The composition of receipt slips issued is not reconciled to amounts deposited or transmitted, and bank reconciliations are not prepared timely. Monthly lists of liabilities are not prepared, so liabilities are not reconciled to the balance in the Sheriff's office bank account, and an unidentified balance of almost \$6,000 has accumulated in the bank account. Some monies received were not disbursed on a timely basis, and some had never been disbursed.

Sheriff's Accounts Receivable and Paper Service Fees

As noted in our prior audit report, the Sheriff's office does not adequately bill, pursue collection of, or track amounts due to the office for inmate board bills and transportation. Audit staff identified three board bills totaling \$680 which had been prepared but not mailed, and \$8,821 in unbilled housing and medical expenses for one inmate. The Sheriff does not attempt to collect unpaid bills by following up with phone calls or letters. A schedule of civil paper service fees and mileage has not been established and the Sheriff's office lacks a procedure to track and follow up on payee under/overpayments.

Public Administrator's Controls and Procedures

The Public Administrator did not request fees for his services during 2011 and 2010 for some wards and estates, including the three wards/estates with the largest cash balances. For those wards and estates in which fees are petitioned from the court, the Public Administrator estimates a fee amount but does not prepare any documentation to support the fees. Caregivers are given checks for spending money, groceries, and other personal items, but the Public Administrator does not always obtain adequate supporting documentation, making it difficult to ensure monies are appropriately spent on behalf of the wards. Attorneys are not required to submit invoices or other documentation supporting fees charged for preparing annual settlements and providing other services on behalf of wards and estates.

Senior Citizens Board	As noted in our prior audit report, the Senior Citizens Board has contracts with the entities to which it provides funding which are not signed by the appropriate parties and do not specify the amount of funding to be provided, the services to be performed, and the length of the contract.
Sheriff's Employee Compensatory Time	As noted in our prior audit report, compensatory time earned by Sheriff's office deputies and dispatchers is not calculated in accordance with county policy or the Fair Labor Standards Act of 1938, so some employees earned more compensatory time than required and some earned less. The County Clerk does not maintain centralized records of compensatory time for Sheriff's office employees, and neither the Sheriff nor the County Clerk conducted an adequate review of compensatory time earned and used and the balances recorded on employee timesheets, so errors were not detected.
Computer Controls	Passwords are not required to be periodically changed in some county offices, and a security control is not in place in some county offices to shut down computers after a certain period of inactivity and to detect or prevent incorrect login attempts. Data is not backed up by the Prosecuting Attorney, the Sheriff does not store backup data at a secure off-site location, and backup data for some county offices is not tested. The county does not have formal emergency contingency plans in the event of a disaster or other disruption of services.
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 with the Sheriff's office.

American Recovery and Reinvestment Act (Federal Stimulus)	Oregon 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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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Oregon County

We have audited certain operations of Oregon County in fulfillment of our duties under Section 29.230, RSMo. In addition, Nichols, Stopp & VanHoy, LLC, Certified Public Accountants, was engaged to audit the financial statements of Oregon 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 Oregon 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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Oregon County

Management Advisory Report

State Auditor's Findings

1. Sheriff's Controls and Procedures

Despite similar concerns noted in our prior audits, significant weaknesses continue to exist in the Sheriff's accounting controls and procedures.

Deposits into the Sheriff's bank account totaled approximately \$64,600 during the 2 years ended December 31, 2011. As a result of the significant control weaknesses identified below, there is little assurance all monies were deposited and accounted for properly.

1.1 Segregation of duties

Accounting duties are not adequately segregated, and the Sheriff does not provide adequate oversight of financial functions and records. The Sheriff's secretary is responsible for receipting, recording, depositing, and disbursing monies; and reconciling the bank account. Although the Sheriff signs the monthly turnover report to the County Treasurer and some bank reconciliations, he indicated he does not review the accuracy of the accounting records. As a result, his procedures were not adequate to identify the various errors and discrepancies noted below.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are 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.

1.2 Accounting records

Accounting records are not maintained in an accurate, complete, and organized manner. The Sheriff's secretary could not readily locate some documents requested during the audit and indicated some records were located at her home. The secretary stated she occasionally performs accounting duties at home in the evenings because she lacks the necessary time to perform the duties during the day. Furthermore, some entries on receipt slips, receipt ledgers, and monthly turnover reports were not legible; and error correction fluid was used on many records including deposit slips, check registers, receipt ledgers, and receipt slips.

Complete and accurate accounting records are essential to properly reflect financial activity, ensure validity of transactions, and provide an adequate audit trail. Accounting records should be legible and maintained in an organized manner, and the Sheriff should prohibit employees from taking records home.

1.3 Receipting, recording, and depositing monies

Procedures for receipting, recording, and depositing monies are not sufficient. As a result, some receipts were not deposited and/or accounted for properly.

Receipt slips were not issued for some monies received and monies were often not recorded on receipt slips and receipt ledgers immediately when received. The numerical sequence of receipt slips was not accounted for properly, generic (rather than official) receipt slips were utilized, and the



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same receipt slip number sequences used for monies received were also used for tracking inmate property. The method of payment (cash, check, money order) was not always accurately indicated on receipt slips and checks were not restrictively endorsed immediately upon receipt. Furthermore, receipts were often not deposited intact or timely. Most deposits were made at the end of the month, and some receipts were not deposited.

- Our review of November and December 2011 receipt slips and deposits determined cash and check receipts totaling \$125 were receipted, but not deposited; and checks totaling \$90 were deposited, but not receipted. Receipt slips numbered 18148 through 18189 indicate \$678 in cash was received in the month of November 2011; however, only \$653 in cash was transmitted to the Circuit Clerk or deposited on November 30, 2011, a difference of \$25. Cash deposits for December 2011 totaled \$5 less than receipt slips issued for cash during the month. The Sheriff's secretary located two envelopes containing \$30 in cash in her locked box/files which she indicated could be the undeposited cash noted in these 2 months. Receipt slips numbered 734002, 734009, and 734019 were issued for checks totaling \$95 in December 2011; however, these checks were not deposited. Also, two checks totaling \$90 received for civil fees in November 2011 were deposited, but not receipted. The Sheriff and his secretary could not explain why the above receipts were not deposited or receipted.
- Cash counts also identified significant problems. A cash count performed on May 11, 2012, included 13 receipts received between May 4, 2012, and May 11, 2012, totaling \$905. These monies were not deposited until May 31, 2012. Receipt slips had not been issued for seven of these receipts. Receipt slips were later issued on May 15, 2012, and May 17, 2012, for six of the receipts; however, a receipt slip was not issued for a \$300 cash bond receipt. Another cash count performed on July 23, 2012, included 39 receipts received between July 2, 2012, and July 23, 2012, totaling \$2,074. These monies were not deposited until July 30, 2012, and July 31, 2012. Two checks had not been receipted at the time of the cash count. In addition, receipt slip number 265234 had been issued for a \$50 cash receipt on July 12, 2012; however, this cash was not on hand at the time of the cash count, and was not subsequently deposited. The Sheriff and his secretary could not explain why the \$50 cash receipt was not on hand and not deposited, or why a receipt slip was not issued for the \$300 cash bond receipt.

To reduce the risk of loss, theft, or misuse of monies received, procedures should be established to ensure all monies received are properly receipted, promptly recorded, and deposited intact and timely.



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1.4 Bonds

Bond forms are not prenumbered and copies of bond forms issued are not always maintained. In addition, some bond monies collected were transmitted directly to the Circuit Court; however, the Sheriff's office did not obtain receipt slips from the Circuit Court for these transmittals.

To reduce the risk of loss, theft, or misuse of bond monies, and to provide assurance all bond monies are accounted for properly, procedures to account for all bond forms and transmittal of bonds to the Circuit Court should be established.

1.5 Reconciliations

The composition of receipt slips issued is not reconciled to amounts deposited or transmitted. Such reconciliations would have identified the monies not receipted and/or deposited as previously noted. Monthly receipt ledgers and reports of fees are not complete, accurate, prepared on a timely basis, or reconciled to receipt slips and deposits or transmittals. As of July 23, 2012, no receipts had been recorded on the June or July 2012 receipt ledgers.

Without accurate and up-to-date receipt records, and a detailed reconciliation of these records, there is no assurance all monies have been recorded and deposited.

1.6 Bank account

Bank reconciliations are not prepared timely, monthly lists of liabilities are not prepared, and unidentified amounts have accumulated in the Sheriff's bank account.

Bank reconciliations

The Sheriff's office does not prepare bank reconciliations on a monthly basis. As of May 2012, the Sheriff's office had not prepared a formal bank reconciliation since November 2011.

Liabilities

The Sheriff's office discontinued preparing monthly lists of liabilities during 2010; therefore, liabilities are not reconciled to the balance in the Sheriff's bank account. According to the Sheriff's secretary, all fees collected during the month are supposed to be distributed each month and the bank account should show a zero balance each month; however, she has not properly distributed monies during the past several years, and unidentified monies have accumulated in the bank account.

At our request, the Sheriff's secretary compared accounting records to bank records as of December 31, 2011, and identified liabilities totaling \$1,057. The liabilities consisted of civil fees totaling \$570, which had not been disbursed to the County Treasurer and civil paper service fee refunds totaling \$487 due to two attorneys (see MAR finding number 2.2). In addition, as noted below, our review identified receipts totaling \$367, which were not disbursed from the bank account. Even after identifying these additional liabilities, there was an unidentified balance in the bank account



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totaling \$5,863 as of December 31, 2011. This unidentified balance has increased significantly since our prior audit.

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

1.7 Disbursements

The Sheriff's office lacks adequate procedures to ensure monies received are properly disbursed to the County Treasurer and/or other parties. As a result, some monies were not disbursed on a timely basis, and some monies had never been disbursed. Our review identified \$367 received during November and December 2011, which was not disbursed to the County Treasurer and/or refunded to attorneys as of October 2012. In addition, the \$300 cash bond included in the May 11, 2012, cash count for which a receipt slip was not issued (see section 1.3), had not been disbursed to Dunklin County as of October 2012. Also, the Sheriff's secretary indicated in late 2011 and early 2012, she researched and identified receipts received from October 2007 to June 2010, totaling approximately \$2,280, which had not been disbursed to the County Treasurer. She subsequently disbursed these amounts to the County Treasurer. Sufficient procedures and adequate records are necessary to ensure all monies received are disbursed properly and timely.

Recommendations

The Sheriff:

- 1.1 Adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.
- 1.2 Ensure accounting records are maintained in an accurate, complete, and organized manner. In addition, the Sheriff should prohibit employees from taking records home and discontinue the practice of using error correction fluid to correct records.
- 1.3 Ensure official prenumbered receipt slips are issued immediately for all receipts, the method of payment is accurately indicated on all receipt slips, checks are restrictively endorsed immediately upon receipt, and the numerical sequence of receipt slips is accounted for properly. In addition, the Sheriff should ensure receipts are deposited intact and in a timely manner.
- 1.4 Issue prenumbered bond forms for all bond monies received and account for the numerical sequence of bond forms. In addition, the



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Sheriff should ensure receipt slips are obtained for all bond monies transmitted to the Circuit Court.

- 1.5 Ensure receipt records are accurately and timely maintained and reconciled, including the composition of receipt slips issued, to the composition of deposits and transmittals.
- 1.6 Prepare bank reconciliations monthly and reconcile bank balances to monthly lists of liabilities. Any differences should be investigated and resolved. Any unidentified monies should be disposed of in accordance with state law.
- 1.7 Establish procedures to ensure all monies are disbursed to the County Treasurer and other parties on a timely basis.

Auditee's Response

The Sheriff provided the following responses:

- 1.1 *I currently review the deposits weekly and the bank reconciliations monthly. I also review the receipt ledger on a monthly basis.*
- 1.2 *We have organized all of the records. Employees are now prohibited from taking records home and we have discontinued the practice of using error correction fluid to correct records.*
- 1.3 *We now use a QuickBooks system, and issue receipt slips immediately upon receipt. Manual receipt slips are only issued for after-hours receipts and those monies are placed in a locked drop box. The method of payment is indicated on all manual receipt slips and in the QuickBooks system, and checks are restrictively endorsed immediately on receipt. We have started maintaining a separate receipt slip book for non-cash items. Effective immediately, we will implement a procedure to account for the numerical sequence of receipt slips. We are now depositing every Friday and are reconciling the receipt records to the deposits.*
- 1.4 *We are now depositing all bond monies and issuing checks to the court. We will immediately implement a procedure to maintain a bond log and pre-number all bond forms.*
- 1.5 *We currently maintain a monthly ledger of receipts to prepare the County Treasurer report and reconcile the ledger to the QuickBooks system. Within the next 2 months, we will implement a procedure to reconcile the composition of receipt slips to deposits.*
- 1.6 *Monthly bank reconciliations are now prepared. We have also investigated and resolved the unidentified balance.*



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1.7 Disbursements to the County Treasurer are now performed monthly, and disbursements to other parties are performed immediately.

2. Sheriff's Accounts Receivable and Paper Service Fees

As similarly noted in our prior audit, the Sheriff's procedures over accounts receivable and paper service fees are in need of improvement.

2.1 Accounts receivable

The Sheriff's office does not adequately bill, pursue collection of, or track amounts due to the office for inmate board bills and transportation. Due to poor record keeping, the Sheriff's office was unable to determine total amounts due to his office.

Board bills

The Sheriff's office has not established procedures to ensure amounts are properly billed and collected from other counties and the City of Alton for the housing of inmates.

Procedures provide that other entities are to be billed \$40 per day for housing an inmate plus any medical expenses incurred on behalf of the inmate. However, our review noted instances where these entities were not properly and timely billed. Our review of 2011 and 2010 board bill files identified three board bills for housing provided in 2011, totaling \$680, which had been prepared but not mailed as of August 2012. We also identified \$8,821 in unbilled housing and medical expenses provided for one inmate. The inmate was held from November 2008 through October 2010, but the Sheriff's office had not billed Shannon County for housing provided from July through December 2009, and certain medical expenses as of September 2012. The Sheriff's secretary indicated board bills are prepared when she has time, but could provide no explanation for the billing discrepancies noted.

Also, the Sheriff's office does not perform additional collection efforts such as follow-up phone calls or letters for unpaid bills. For example, a \$400 board bill covering the period June 7 to 17, 2011, had not been paid or followed up on as of September 2012. The Sheriff's office was unaware of this outstanding amount due and the unbilled amounts noted above.

Procedures such as independent reconciliations of board bill records to jail records and payments received should be established to ensure housing is properly and timely billed, and payments received are proper. Unpaid board bills should be monitored and appropriate follow-up action should be taken to ensure payment is properly received. Failure to monitor unpaid amounts due may result in a loss of revenue to the county.



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Transportation reimbursements

The Sheriff's office does not have proper procedures to ensure reimbursement claims for the transportation of inmates to the Department of Corrections (DOC) are accurately and timely submitted, and the county was not reimbursed for transportation for at least one inmate due to the failure to timely submit the applicable claim.

Five reimbursement claims totaling \$2,358 for transportation provided in 2010, and 19 claims totaling \$8,027 for transportation provided in 2011, were not submitted to the DOC until March and April 2012. At that time, the Sheriff's secretary identified another reimbursement totaling \$468 for transportation provided in January 2009, for which it was too late to submit a claim. Due to poor record keeping, we were unable to determine whether additional transportation reimbursements had not been claimed.

Section 33.120, RSMo, requires all such claims be submitted to the state within 2 years after reimbursable expenses have been accrued. Failure to prepare or submit timely reimbursement claims to the state results in a loss of revenue to the county.

2.2 Civil paper service fees

The Sheriff's office lacks sufficient procedures to appropriately charge and collect civil paper service fees and mileage. During 2011 and 2010, the Sheriff's office transmitted approximately \$10,000 per year in civil paper service fees to the County Treasurer.

A schedule of fees and mileage by location has not been established to determine the amount to charge for each civil paper service performed. Payees estimate the cost of the service and pay a deposit to the Sheriff's office prior to the service being performed. However, the Sheriff's office does not properly determine, track, or follow up on payee under/overpayments. The log of civil papers served maintained by the Sheriff's office is not always accurately updated with fees and mileage due, or deposits and additional payments received. Sheriff's office procedures provide that the court be informed of any unpaid civil paper service fees to be pursued and collected by the court. However, because the Sheriff's office does not maintain an up-to-date record of unpaid civil service fees, the Sheriff's office does not always inform the court of the unpaid fees due.

Our review of records associated with 10 civil papers served noted one payee underpaid \$9, and two payees overpaid approximately \$5 each. The Sheriff's office had not identified or followed up on these under/overpayments. Upon our inquiries regarding the overpayments, the Sheriff's secretary identified additional overpayments totaling \$487 received from two attorneys during the period February to December 2009, which were held in the Sheriff's bank account and had not been refunded as of August 2012. The Sheriff's secretary indicated additional overpayments have been received and refunds are due various payees; however, these amounts have not yet been determined.



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Establishing a fee schedule, collecting fees in accordance with the schedule, and maintaining a complete and accurate civil papers log, would help to ensure the correct fee and mileage is collected for each service performed, and identify any under/overpayments.

Recommendations

The Sheriff:

- 2.1 Establish procedures to ensure all amounts owed to the Sheriff's office for inmate board and transportation are properly and timely billed, and implement procedures to track and pursue collection of amounts owed.
- 2.2 Establish a civil paper service fee schedule and adequate procedures to ensure correct fees and mileage are collected for each service performed. In addition, the Sheriff's office should perform a comprehensive review of civil paper service records, identify additional amounts due and refunds payable to each payee, and work with those payees to resolve these amounts.

Auditee's Response

The Sheriff provided the following responses:

- 2.1 *We have implemented a spreadsheet to track all costs and payments for board bills and established procedures to follow up on unpaid board bills. We have also researched old board bills back to 2010 and 2011 and have followed up on those bills. In addition, we have implemented a spreadsheet to track all costs and payments for transportation. We have researched, billed, and followed up on old transportation costs that previously had not been billed.*
- 2.2 *We have established a schedule of paper service fees and mileage and procedures to ensure fees are billed and collected. We have reviewed all paper service records, and resolved all outstanding amounts due and refunds payable.*

3. Public Administrator's Controls and Procedures

Some 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 approximately 50 individuals (wards) and decedent estates of the Associate Circuit Court, Probate Division.

3.1 Fees

The Public Administrator does not petition the court to approve fees from the accounts of some wards and estates, and does not document criteria used to determine the fees charged. Since the Public Administrator receives a salary, any fees requested by the Public Administrator and approved by the court are deposited in the county treasury. Fees totaling \$10,000 from 15



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wards and estates were paid to the county in 2011, and fees totaling \$3,700 were paid to the county from 9 wards and estates in 2010.

Our review of three of the wards and estates with the largest cash balances as of December 31, 2011, noted the Public Administrator did not request any fees for his services during 2011 or 2010. The Public Administrator indicated these three wards/estates lacked adequate funds to pay the fees; however, based on available funds and financial activities of the wards/estates, it appears funds were available to pay fees for his services. Furthermore, although the Public Administrator indicated fees can be requested when ward/estate funds become available, he does not track those fees that have not been petitioned from the court.

In addition, for those wards and estates in which fees are petitioned from the court, the Public Administrator indicated he estimates a fee amount based on the amount of services provided and available funds. However, no documentation supporting the determination of the fee amount is prepared. Public Administrator fees averaged approximately \$570, and ranged from \$100 to \$3,554, per ward or estate during the 2 years ended December 31, 2011.

To ensure fees are properly assessed and transmitted to the county, the Public Administrator should work with the Associate Circuit Judge to ensure fees are petitioned from the court for all applicable wards and estates, approved, properly monitored, and collected to the extent possible. In addition, to ensure fees charged to each ward and estate are fair, reasonable, and properly assessed, the Public Administrator should maintain documentation supporting the criteria used to determine the fee amount.

3.2 Supporting documentation

Adequate supporting documentation is not obtained for some disbursements.

- Adequate supporting documentation is not obtained to support some checks issued to caregivers for spending money and purchases of groceries and other personal items. As a result, there is no evidence monies are appropriately spent on behalf of the wards. A review of annual settlements covering a 12-month period for three wards who received spending monies noted the caregivers received 18 checks totaling \$5,974, 14 checks totaling \$4,335, and 3 checks totaling \$370.
- Attorney fees are paid for preparing annual settlements and providing other services on behalf of wards and estates. The Public Administrator indicated although these fees are approved by the court, the attorneys are not required to submit invoices or other documentation supporting the services provided.

To ensure payments are valid and proper, the Public Administrator should maintain adequate supporting documentation for disbursements.



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Recommendations

The Public Administrator:

- 3.1 Work with the Associate Circuit Judge to ensure fees are assessed and paid to the county as appropriate and document the criteria used to determine fee amounts.
- 3.2 Ensure disbursements are supported by adequate documentation.

Auditee's Response

The Public Administrator provided the following responses:

- 3.1 *I will work with the Associate Circuit Judge to ensure appropriate fees are assessed and documentation is established as the Associate Circuit Judge requires.*
- 3.2 *I plan to implement a procedure where wards document that monies were spent on their behalf. I will work with attorneys to better document their services.*

4. Senior Citizens Board

As similarly noted in our prior audit report, written contracts between the Senior Citizen's Board and the entities to which it provides funding are not sufficient.

The 2011 and 2010 contracts with not-for-profit (NFP) corporations were not signed by the appropriate parties and did not specify the amount of funding to be provided, the services to be performed, and the length of the contract. The Senior Citizens Board distributed approximately \$43,800 in 2011 and \$40,200 in 2010 to several NFP corporations.

Section 432.070, RSMo, requires government contracts to be in writing. Written contracts, signed by the parties involved, should specify the services to be performed and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

Recommendation

The Senior Citizens Board enter into written contracts with each not-for-profit corporation that are signed by both parties and clearly detail the compensation to be paid or benefits received, services to be performed, and the length of the contract.

Auditee's Response

The Senior Citizens Board provided the following written response:

The Senior Citizens Board on January 28, 2013, approved a new contract to become effective October 1, 2013, with requests from the not-for-profit corporations. These contracts will be for year 2014.



5. Sheriff's Employee Compensatory Time

5.1 Compensatory time calculations

As similarly noted in our prior audit report, controls over Sheriff's office employee compensatory time and related records need improvement. Sheriff's office employees calculate and record their compensatory time earned, used, and balances on their timesheets which are reviewed by the Sheriff and submitted to the County Clerk's office.

Compensatory time earned by Sheriff's office deputies and dispatchers is not calculated in accordance with county policy or the Fair Labor Standards Act of 1938 (FLSA).

We reviewed timesheets of deputies and dispatchers for 2011, noting numerous instances where compensatory time was not calculated correctly. These errors caused some employees to earn more compensatory time than they would have earned if the compensatory time was calculated correctly, and some employees to earn less.

- Employees earned compensatory time when they worked more than 40 hours in a week; however, county policy requires law enforcement personnel to work more than 171 hours in a 28-day period before compensatory time is earned.
- Employees earned compensatory time as straight time off. The county policy and FLSA require the county provide compensatory time at time and one-half.
- Some employees included nonworking time (vacation, sick leave, compensatory time taken, and holidays) in total hours worked when calculating compensatory time earned, which is not allowed by county policy and not required by the FLSA.
- One dispatcher earned compensatory time for working on days not designated as county holidays, while county policy only provides for compensatory time for working on designated holidays. For example, the dispatcher's December 2011 timesheet indicated he earned 32 hours of compensatory time for working on 4 days identified as holidays (December 24, 25, 26, and 31), when only 8 hours was actually earned because county policy only designates one holiday (December 25) that month.
- Some compensatory time calculations contained mathematical errors.

Compliance with county policy and the FLSA is necessary to ensure compensatory time is properly calculated and appropriate payment made and/or time off given, and to limit any potential liability for compensatory time not properly calculated.



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5.2 Oversight

Although maintained for all other county employees, the County Clerk does not maintain centralized records of compensatory time for Sheriff's office employees. In addition, an adequate review of compensatory time earned, used, and balances recorded on employee timesheets was not performed by the Sheriff or County Clerk. As a result, the compensatory time errors noted above were not detected.

When we brought the errors noted above to the Sheriff's attention, the Sheriff's office began requiring written approval of compensatory time earned and monitoring compensatory time calculations. The Sheriff indicated office personnel reviewed all employee compensatory time recorded on 2011 and 2012 timesheets and identified significant concerns regarding the dispatcher's compensatory time calculations, and disciplinary action was taken against the dispatcher based on those concerns.

Without an adequate review process and centralized compensatory time records, the County Commission cannot ensure employee compensatory time balances are accurate and in compliance with county policy. Centralized records also limit the potential for disputes over liabilities for employees leaving county employment, and demonstrate compliance with the FLSA.

Recommendations

The County Commission, County Clerk, and Sheriff:

- 5.1 Ensure compensatory time is calculated for Sheriff's office employees in accordance with the FLSA and county policy.
- 5.2 Maintain centralized compensatory time records and review for accuracy.

Auditee's Response

The County Commission and County Clerk provided the following responses:

- 5.1 *The county policy was revised effective November 2012, to provide compensatory time to law enforcement personnel who work more than 43 hours during a 1-week period, in compliance with FLSA. As of November 2012, compensatory time calculations for all Sheriff's office employees are reviewed and approved by the County Clerk and County Commission.*
- 5.2 *As of November 2012, all Sheriff's office employee compensatory time records are maintained in the County Clerk's office. The County Clerk reviews all compensatory time calculations on the timesheets, and all errors and corrections are noted and documented on the timesheets. After all corrections are made, the timesheets are reviewed and approved by the County Commission.*



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The Sheriff provided the following responses:

- 5.1 *We have established procedures to review all timesheets and ensure compensatory time is calculated correctly.*
- 5.2 *Compensatory time records are maintained in the County Clerk's records. We are also maintaining a spreadsheet of compensatory time for all Sheriff's office employees.*

6. 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. As a result, county records are unprotected and susceptible to damage or theft.

6.1 User Passwords

Passwords are not required to be periodically changed in county offices, other than the County Treasurer and County Clerk who change their passwords only two or three times a year. Changing passwords periodically limits access to data files and programs to only those individuals who need access for completion of job responsibilities, and reduces the possibility of unauthorized users.

6.2 Computer inactivity

A security control is not in place in county offices, other than the County Treasurer and County Clerk, to shut down computers after a certain period of inactivity and detect or prevent incorrect login attempts. As a result, unauthorized individuals could access an unattended computer and have unrestricted access to programs and data files. To help protect computer files, security controls should be implemented to shut down the system after a certain period of inactivity and to detect and prevent incorrect login attempts.

6.3 Data backup

Data is not backed up by the Prosecuting Attorney, and the Sheriff does not store backup data at a secure off-site location. In addition, backup data maintained by county offices, other than the County Collector, is not always tested to help prevent loss of information and ensure all essential county information and computer systems can be recovered following a disaster or computer failure.

Preparation of backup data, preferably on a daily or at least weekly basis, periodic testing to ensure it is adequate, and secure off-site storage would provide increased assurance county data could be recreated if necessary.

6.4 Contingency plan

The county does not have formal emergency contingency plans and has not made formal arrangements for the use of backup facilities in the event of a disaster or other disruption of services.

Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities,



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personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backups under various contingencies. The major benefit of a thorough contingency plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the degree of reliance on data processing, the need for contingency planning is evident.

Recommendations

The County Commission work with county officials to:

- 6.1 Require passwords which are periodically changed to prevent unauthorized access to the county's computers and data.
- 6.2 Establish a security control requiring computers to shut down after a certain period of inactivity and report incorrect login attempts after a certain number of tries.
- 6.3 Ensure backup data is prepared, stored in a secure off-site location, and tested on a regular basis.
- 6.4 Develop formal contingency plans for the various computer systems.

Auditee's Response

The County Commission and County Clerk provided the following responses:

- 6.1-
- 6.3 *We will work with the various county officials on implementing the audit recommendations.*
- 6.4 *We will work with the various county officials on establishing contingency plans.*

Oregon County

Organization and Statistical Information

Oregon County is a county-organized, third-class county. The county seat is Alton.

Oregon 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 40 full-time employees and 13 part-time employees on December 31, 2011.

In addition, county operations include a Senate Bill 40 Board and a Senior Citizens 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
Patrick Ledgerwood, Presiding Commissioner	\$	24,440
Johnny D. Wrenfrow, Associate Commissioner		22,440
Edward Casey, Associate Commissioner		22,440
April Bridges, Recorder of Deeds		34,000
Tracy Bridges, County Clerk		34,000
Fred O'Neill, Prosecuting Attorney		41,000
George R. Underwood, Sheriff		39,000
Kim Hollis, County Treasurer		34,000
Tom Clary, County Coroner		9,500
Mike Crawford, Public Administrator		34,000
Jerry Richardson, County Collector (1), year ended February 29,	36,095	
Charles Lon Alford, County Assessor, year ended August 31,		34,000
Scott Simer, County Surveyor (2)		

(1) Includes \$2,095 of commissions earned for collecting city property taxes.

(2) Compensation on a fee basis.

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

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