



# Thomas A. Schweich

Missouri State Auditor

---

## Crawford County



---

August 2013

Report No. 2013-068

---

<http://auditor.mo.gov>



# CITIZENS SUMMARY

---

## Findings in the audit of Crawford County

County Sales Tax	As noted in our three prior audits, property tax reductions were not sufficient to offset 50 percent of sales tax monies received, and incorrect assessed valuations amounts were used in the property tax reduction calculation. Although the County Commission indicated after our last audit that it would take steps to correct this, the excess amount collected has increased to \$184,000 at December 31, 2012. Additional or increased property tax rollbacks will be required to offset this liability.
Property Tax System Controls and Procedures	Controls and procedures over the property tax system need improvement. The County Collector and her staff have access to the property tax system to enter additions and abatements as well as to void receipt transactions after they are completed, and no documentation is maintained for voided transactions, increasing the risk of unsupported or unauthorized changes being made. The County Commission does not review additions and abatements in a timely manner. As noted in our prior report, the County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes, and neither the County Clerk nor the County Commission verifies the accuracy of the County Collector's annual settlements, so errors and irregularities could go undetected.
Senate Bill 40 Board	Some disbursements made by the Senate Bill 40 Board (SB40) may not be allowed by state law. Questionable disbursements include holiday gifts to employees, employee meals during field trips, and food during board meetings. The SB40 Board does not adequately review the work of the operations manager. The operations manager processes payroll for all employees, including herself, but the SB40 Board does not review a payroll register or approve payroll disbursements each pay period. The SB40 Board does not review the monthly bank reconciliations prepared by a Certified Public Accounting firm and does not follow up to ensure the amounts provided on the financial report are accurate. A former executive director pleaded guilty to forgery and was sentenced to supervised probation and ordered to pay \$2,500 to the SB40 Board and \$15,440 to the SB40 Board's bonding company. Proper controls and review procedures are necessary to minimize the likelihood of a similar situation and reduce the risk of loss, theft, or misuse of SB40 Board assets. The SB40 Board sometimes discusses topics in closed meetings which are not allowed by the Sunshine Law. The SB40 Board rents space in its building to multiple private businesses, but it has no documentation showing how rental rates were determined and whether they are comparable to the market value.
Sheriff's Procedures	As noted in our prior audit report, the Sheriff's accounting procedures need improvement. Deposits are not reconciled to receipts and are not made timely, which increases the risk of loss, theft or misuse of monies. The

Sheriff's office does not prepare a monthly list of liabilities and reconcile it to the cash balance for the Sheriff's commissary account. The November 30, 2012, reconciled bank balance exceeded the inmate account listing balance by \$1,306, and the Sheriff's office could not determine to whom the excess funds were owed. The Sheriff's office does not maintain a summary control log documenting all seized property, case reports do not clearly document which items were seized as evidence, and the office has not conducted a physical inventory of all seized property.

Prosecuting Attorney's Procedures	As noted in our prior audit reports, the Prosecuting Attorney's office does not timely transmit bad check restitution payments to merchants and does not prepare a monthly list of liabilities and reconcile it to the cash balance for the Prosecuting Attorney's account. At January 31, 2013, the reconciled bank balance exceeded liabilities by \$1,545, and the Prosecuting Attorney's office has been unable to determine to whom the excess funds were owed.
County Procedures	As noted in our prior audit report, the county allows employees to accrue and carry forward more annual leave than allowed by county policy and allows employees to have negative compensatory time balances, including one employee with a balance of negative 60 hours, which is not allowed by county policy. The Sheriff's office does not calculate compensatory time accrued in accordance with county policy. The county did not maintain minutes for closed meetings and county offices do not require employees to change passwords periodically.
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**.\*

\*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.

**All reports are available on our website: <http://auditor.mo.gov>**

---

# Crawford County

## Table of Contents

---

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

---

Management Advisory Report - State Auditor's Findings	1. County Sales Tax.....4 2. Property Tax System Controls and Procedures .....5 3. Senate Bill 40 Board.....7 4. Sheriff's Procedures .....10 5. Prosecuting Attorney's Procedures .....12 6. County Procedures .....14
---	--

---

Organization and Statistical Information	16
---	----



# **THOMAS A. SCHWEICH**

## **Missouri State Auditor**

To the County Commission  
and  
Officeholders of Crawford County

We have audited certain operations of Crawford County in fulfillment of our duties under Section 29.230, RSMo. In addition, Davis, Lynn & Moots, Certified Public Accountants, has been engaged to audit the financial statements of Crawford County for the 2 years ended December 31, 2012. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. The objectives of our audit were to:

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

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

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

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

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Crawford 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
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Corey McComas, M.Acct., CPA
Audit Staff:	Julie M. Moore, MBA
	Meghan Dowell

---

# Crawford County

## Management Advisory Report

### State Auditor's Findings

---

#### 1. County Sales Tax

As noted in our three prior reports, property tax reductions were not sufficient to offset 50 percent of sales tax monies received, and incorrect assessed valuation amounts were used in the property tax reduction calculation. While the County Commission indicated in the response to the last audit adjustments would be made to correct excess property taxes collected, this amount has increased significantly and is approximately \$184,000 at December 31, 2012. As a result, the county is not in compliance with state law and additional or increased property tax levy rollbacks will be required in future years to offset this liability.

The following table presents the cumulative liability resulting from the insufficient sales tax reductions.

For Sales Tax Reduction	Year Ended December 31,			
	2012	2011	2010	2009
Required property tax revenue reduction	\$ 508,948	488,166	466,205	462,100
Actual property tax revenue reduction	455,263	449,886	433,390	442,553
Amount not sufficiently reduced	53,685	38,280	32,815	19,547
Prior years insufficient reduction	130,592	92,312	59,497	39,950
Total insufficient property tax revenue reduction	\$ 184,277	130,592	92,312	59,497

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Crawford County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet a 50 percent reduction requirement and in the following year calculate any excess property taxes collected based upon actual sales tax collections. The county is required to certify to the State Auditor's office the annual property tax levy including the amount the levy is required to be reduced for sales tax collections.

#### Recommendation

The County Commission and County Clerk adequately reduce property tax levies for 50 percent of sales tax revenue and develop a plan to correct for the accumulation of prior years' insufficient property tax levy reductions.

#### Auditee's Response

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

*We plan to roll back an additional \$30,713 each year over 6 years. We will ensure correct assessed valuations are used in future sales tax rollback calculations.*



## 2. Property Tax System Controls and Procedures

Controls and procedures over the property tax system need improvement. As a result of the significant control weaknesses, there is less assurance property tax monies are accounted for properly.

The county implemented a new property tax system during the tax year ended February 28, 2013, and county officials indicated various problems occurred related to the implementation of the new tax system. Concerns were noted related to system access, additions and abatements, the County Clerk's account book, and annual settlement review. The County Collector's office processed property taxes totaling approximately \$13.7 million for the year ended February 28, 2013.

### 2.1 Tax System Access

Access to the property tax system was not adequately restricted. The County Collector and her staff have access to enter additions and abatements into the system, as well as to void receipt transactions after they are completed. The property tax system does not provide a report of transactions deleted and no documentation was maintained for voided transactions. As a result, there is an increased risk of unsupported or unauthorized changes made to the property tax system after property taxes are approved for the year. Because the County Collector and her staff are responsible for collecting tax monies, good internal controls require they not have system access rights to be able to alter or delete tax rates, assessed values, and property tax billings.

To prevent unauthorized changes to the property tax records, access should be limited based on user needs. If transactions need to be voided, documentation should be retained to support the voided transactions. Unrestricted access can result in the deletion or alteration of data files and programs.

### 2.2 Addition and Abatement Review

The County Commission does not review additions and abatements in a timely manner. The County Assessor typically enters the information for additions and abatements into the property tax system and provides documentation to the County Collector's office. A court order is prepared and printed at the time the changes are entered. However, the County Collector's office can enter or modify the addition or abatement in the property tax system if an error was made in the Assessor's office. Although county officials indicated changes made to the property tax system are reviewed by the County Commission monthly, court orders for additions and abatements made in November 2012 had not been reviewed and approved by the County Commission and County Clerk as of February 2013. Additionally, a comparison of the initial addition and abatement information prepared by the County Assessor and the actual changes made in the property tax system by the County Assessor and the County Collector and her staff is not performed.

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





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

County Commission. If it is not feasible for the County Clerk to make corrections to the tax books, an independent reconciliation of approved additions and abatements to actual corrections made to the property tax system would help ensure changes are proper.

### 2.3 Account book and annual settlement

As noted in our prior report, the County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes. In addition, the County Clerk and the County Commission do not perform procedures to verify the accuracy of the County Collector's annual settlements. As a result, errors and irregularities on the annual settlement could go undetected.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records which summarize all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector each year are accounted for properly and could also be used by the County Clerk and County Commission to verify the County Collector's annual settlements.

## Recommendations

- 2.1 The County Commission and the County Clerk monitor property tax system activities and ensure property tax system access is restricted to only allow officials to access functions necessary for their duties. In addition, the County Collector should maintain documentation of all voided transactions.
- 2.2 The County Commission and the County Clerk review tax system changes, such as additions and abatements, in a timely manner to ensure changes made to the property tax system were legitimate.
- 2.3 The County Clerk maintain a complete and accurate account book with the County Collector. In addition, the County Commission and the County Clerk should use the account book to review the accuracy and completeness of the County Collector's annual settlements.

## Auditee's Response

*The County Commission, County Clerk, County Assessor, and County Collector provided the following responses:*

- 2.1 *Most additions and abatements are entered by the County Assessor's office. We are trying to resolve the problems between the County Assessor's computer system and the County Collector's computer system. Once this is done, the County Collector's office*



---

Crawford County  
Management Advisory Report - State Auditor's Findings

---

*will no longer need access to enter additions and abatements and this access will be removed.*

*The County Collector is keeping a copy of all voided receipts and documenting the reason for the void.*

2.2 *The County Commission will review additions and abatements the first and third Tuesday of each month. The County Clerk will compare the County Assessor's monthly report to the County Collector's monthly report.*

2.3 *The County Clerk will develop an account book with the County Collector beginning August 1 and will compare it to the annual settlement.*

---

### **3. Senate Bill 40 Board**

Some disbursements made by the Senate Bill 40 Board (SB40) do not appear consistent with statutory provisions authorizing the property tax levy. In addition, procedures for reviewing disbursements are not sufficient, problems were noted with some closed meetings, and there is no documentation to support rental rates assessed to private businesses leasing building space from the Board.

During 2009, the Board transitioned from operating a workshop to operating a day activity center for the developmentally disabled. Disbursements for the year ended December 31, 2012, totaled approximately \$225,000.

#### **3.1 Questionable disbursements**

Some disbursements made by the SB40 do not appear consistent with statutory provisions authorizing the property tax levy.

Prior to 2010, the Board operated a workshop and provided vocational opportunities to developmentally disabled individuals who were paid for their work. Currently, the Board operates a day activity center where developmentally disabled individuals participate in various social activities. A cooking class is held once a week and participants go on field trips periodically. Participants are paid a daily rate for each day they attend the day activity center. Disbursements made by the Board also included a prom for developmentally disabled participants, meals at various restaurants, cable television, and gifts for participants. In addition, the Board paid for employee meals during the various field trips, provided employees with holiday gifts, and paid for food during Board meetings.

According to Section 205.968, RSMo, SB40 funds are to be used to "establish and/or operate a sheltered workshop as defined in section 178.900, residence facilities, or related services, for the care or employment, or both, of persons with a disability." In *Vocational Services, Inc. v. The Developmental Disabilities Resource Board*, 5 S.W.3d 625 (Mo. App.



---

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

---

1999), the court concluded the Board could fund programs which provide a controlled work environment or a program designed toward enabling a handicapped person to progress toward normal living or to develop his or her capacity, performance or relationships with other persons, or which provide services related to a place of residence or social centers for eligible persons.

Both the County Commission and certain SB40 Board members expressed concerns to us regarding the shift in services provided and overall function of the Board and whether it is consistent with statutory provisions and ballot language which originally authorized the SB40 tax levy. In addition to statutory provisions, case law must also be considered when evaluating the propriety of Board provided services and disbursements. We cannot conclude as to the propriety or impropriety of the Board's function, but reviewed and evaluated some disbursements. Some disbursements appear questionable or unnecessary including providing holiday gifts to employees, paying for employee meals during field trips, and paying for food during Board meetings.

The Board should reevaluate its purpose and the activities it provides and ensure disbursements are in accordance with statutory provisions and case law.

### 3.2 Documentation review

The Board employs an operations manager to handle financial activities, but does not review her work adequately. Each pay period, the operations manager processes payroll for all employees, including herself, however, a payroll register is not printed. As a result, the Board does not review a payroll register and does not approve payroll disbursements each pay period. In addition, the Board does not review the monthly bank reconciliations prepared by the Certified Public Accounting (CPA) firm hired by the Board. The Board reviews a financial report provided by the operations manager, but does not follow up to ensure the amounts reported to the Board are accurate as compared to the accounting records. Also, the Board does not review vehicle mileage logs or supporting documentation for use of gas cards.

A former executive director terminated employment with the Board in October 2011. The former director later plead guilty to two counts of forgery and received 5 years of supervised probation in January 2013. She was ordered to pay \$2,500 to the Board and \$15,440 to the Board's bonding company. Proper controls and review procedures are necessary to minimize the likelihood of a similar situation occurring and reduce the risk of loss, theft, or misuse of Board assets. Despite the serious problems experienced with the former executive director, the Board has not implemented sufficient controls and procedures.



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

Board review of payroll records is necessary to ensure employees are paid at the approved rates. In addition, periodic reviews of monthly bank reconciliations and comparison of monthly financial reports to supporting records is necessary to ensure accuracy and validity of the information. Further, review of mileage logs and related fuel use records is necessary to monitor vehicle and fuel use.

### 3.3 Closed meetings

Procedures related to closed meetings were not always in compliance with the Sunshine Law. The Board held 11 closed meetings during the year ended December 31, 2012, and some topics discussed in closed meetings were not allowable. For example, the Board closed meetings to hire contractors, review bids, and discuss paid holidays.

The Sunshine Law, Chapter 610, RSMo, states the specific reasons governmental bodies are allowed to close a public meeting. Issues not specifically allowed by the Sunshine Law should not be discussed in closed sessions.

### 3.4 Building leases

The SB40 Board is renting space in its building to multiple private businesses; but has no documentation showing how the rental rates were determined and to ensure the rates are comparable to the market value rate. Monthly rent charged for various spaces is currently between \$125 and \$300, or approximately \$1 per month per square foot of retail space.

To demonstrate compliance with Article III, Section 38(a), Missouri Constitution, which prohibits a governmental body from granting public money or property or lending public credit, the Board should ensure the rental rates charged to private businesses approximate the market value rate of commercial property in the area and periodically reevaluate the rates.

## Recommendations

The Senate Bill 40 Board:

- 3.1     Reevaluate its purpose and the activities it provides and ensure all funds are expended in accordance with statutory provisions and case law.
- 3.2     Require the operations manager to prepare a payroll register each pay period. The Board should review the register for approved employee salaries. In addition, the Board should review the monthly bank reconciliations and compare the amounts to the monthly financial reports to ensure accuracy. Further, the Board should review mileage logs on a periodic basis and document all reviews performed by the Board.
- 3.3     Ensure only allowable topics are discussed in closed meetings.



---

Crawford County  
Management Advisory Report - State Auditor's Findings

---

- 3.4 Perform a study to determine the market rate for commercial property to ensure the Board is not subsidizing private businesses and periodically reevaluate the rates charged.

## Auditee's Response

*The Senate Bill 40 Board provided the following responses:*

- 3.1 *We understand that taxpayer money should not be used in a frivolous manner. We are in the process of converting from a day activity center to a workshop that is certified by the Department of Labor. Participants will be paid as determined by the time studies and the Department of Labor. We have established a separate fund to use for donations and proceeds from fundraisers. This account will be used for field trips, dances, etc.*
- 3.2 *This has been implemented. A payroll summary is prepared each pay period and reviewed by two board members and documented with signatures. When the bank reconciliations are received from the CPA firm, at least one board member reviews and signs off on it. The Board also signs off on monthly vehicle logs.*
- 3.3 *In the future, closed sessions will be held only as necessary and in compliance with the Sunshine Law.*
- 3.4 *We have hired a property manager to rent four additional spaces and to attempt to determine the market value of these spaces.*

---

## 4. Sheriff's Procedures

As noted in our prior report, the Sheriff's office accounting procedures do not provide assurance that monies collected are deposited intact in a timely manner and open items listings are not prepared to account for the balance in the Sheriff's commissary account. In addition, controls over seized property are not adequate. The Sheriff's office collected approximately \$73,000 for civil service fees for the year ended December 31, 2012. The Sheriff's office also collects monies for conceal carry permits, incident reports, bonds, inmate monies, commissions, inmate housing, inmate transportation, trustee sales, and trailer inspections. However, the amount of collections could not be readily determined.

### 4.1 Depositing civil service fees

Procedures for depositing monies collected for civil service fees are not sufficient. Monies deposited are not reconciled to receipts recorded in the computer system. We noted a \$30 receipt dated December 19, 2012, was not deposited until December 31, 2012, even though deposits were made on December 20 and December 21, 2012. In addition, deposits of civil service fees are not made timely. For example, fees totaling \$1,917 were received and recorded into the computer system between November 16, 2012, and November 21, 2012, but were not deposited until November 28, 2012.



---

Crawford County  
Management Advisory Report - State Auditor's Findings

---

To reduce the risk of loss, theft, or misuse of monies received going undetected, procedures should be established to ensure receipts recorded in the computer system are reconciled to deposits and all monies received are deposited intact and timely.

## 4.2 Liabilities

A monthly list of liabilities is not prepared and reconciled to the cash balance for the Sheriff's commissary account. The reconciled bank balance should agree to the total of the individual inmate balances; however, such a reconciliation is not prepared. As a result, the Sheriff's office was unaware of discrepancies.

The November 30, 2012, reconciled bank balance of \$2,810 exceeded a listing of inmate account balances by \$1,306. The Sheriff's office was unable to determine to whom the excess funds were owed.

To ensure records are in balance, identify errors timely, and ensure sufficient cash is available for payment of amounts due, liabilities should be identified monthly and reconciled to cash balances. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed. Various statutory provisions address the disposal of unidentified monies.

## 4.3 Seized property

Controls and records for seized property are not sufficient. The Sheriff's office records seized property in the computer system for each case; however, a summary control log documenting all seized property is not maintained. In addition, evidence discussed in case reports is not clearly documented to show which items were seized as evidence. Further, the Sheriff's office has not conducted a physical inventory of all seized property.

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. Complete and accurate inventory control records should be maintained and periodic physical inventories should be performed and the results compared to inventory records to ensure seized property is accounted for properly.

## Similar conditions previously reported

Similar conditions to sections 4.1 and 4.2 were noted in our prior audit report.

## Recommendations

The Sheriff:

- 4.1 Reconcile receipts to deposits to ensure receipts are deposited intact and in a timely manner.



---

Crawford County  
Management Advisory Report - State Auditor's Findings

---

- 4.2 Ensure a list of liabilities is prepared monthly and compared to the available cash balance. Differences should be promptly investigated. After sufficient efforts are made to resolve discrepancies, any remaining unidentified monies should be disposed of in accordance with state law.
- 4.3 Ensure a seized property inventory control log is maintained and a periodic physical inventory is conducted and reconciled to the log. In addition, the Sheriff should ensure case reports clearly indicate which items have been retained as evidence.

## Auditee's Response

*The Sheriff provided the following responses:*

- 4.1 *We now print a daily report of civil process fees to ensure all monies are deposited intact daily.*
- 4.2 *We are attempting to implement this recommendation.*
- 4.3 *We have worked with our software provider to develop a method of logging seized property and printing an inventory control log. Now that we have a log, we will perform periodic physical inventories. We will try to ensure case reports more clearly indicate what property was seized into evidence.*

---

## 5. Prosecuting Attorney's Procedures

Prior audit reports have addressed the inadequacy of the Prosecuting Attorney's office procedures and weaknesses still exist. The Prosecuting Attorney's office does not transmit bad check collections to merchants in a timely manner. In addition, a listing of open items is not prepared for the office bank account. The Prosecuting Attorney's office collected approximately \$12,000 in bad check fees for the year ended December 31, 2012. The amount of bad check restitution collected for merchants could not be readily determined.

### 5.1 Bad check restitution

Bad check restitution payments are not transmitted to merchants in a timely manner. Restitution is generally paid by money orders which are not deposited, and instead are held by the Prosecuting Attorney's office until the payments are forwarded to the merchants. Personnel in the Prosecuting Attorney's office indicated they distribute bad check restitution payments twice a month. However, our review of the office's transmittal log identified 5 months during 2012 where bad check restitution payments were only distributed once during the month. Also, we reviewed six bad check files and noted a payment received on November 16, 2012, was not transmitted to the merchant until December 10, 2012.



---

Crawford County  
Management Advisory Report - State Auditor's Findings

---

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

## 5.2 Liabilities

A monthly list of liabilities is not prepared and reconciled to the cash balance for the Prosecuting Attorney's account. As a result, the Prosecuting Attorney's office was unaware of discrepancies and cannot ensure sufficient funds are available to meet liabilities.

The reconciled bank balance of \$2,645 at January 31, 2013, exceeded identified liabilities by \$1,545. The Prosecuting Attorney's office has been unable to determine to whom the excess funds are owed.

To ensure records are in balance, identify errors timely, and ensure sufficient cash is available for payment of amounts due, liabilities should be identified monthly and reconciled to cash balances. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed. Various statutory provisions address the disposal of unidentified monies.

## Similar conditions previously reported

Similar conditions were noted in our prior audit reports.

## Recommendations

The Prosecuting Attorney:

- 5.1 Ensure all monies collected are distributed in a timely manner.
- 5.2 Ensure a list of liabilities is prepared monthly and compared to the available cash balance. Differences should be promptly investigated. After sufficient efforts are made to resolve discrepancies, any remaining unidentified monies should be disposed of in accordance with state law.

## Auditee's Response

*The Prosecuting Attorney provided the following response:*

*My office is short on staff. I cannot implement these recommendations with the people I have.*

## Auditor's Comment

While it is the Prosecuting Attorney's decision whether to implement recommendations or not, the failure to implement recommended procedures increases the risk that the theft, loss, or misuse of monies will go undetected. The limited number of staff does not negate the need for proper controls and procedures.





Crawford County  
Management Advisory Report - State Auditor's Findings

---

## 6. County Procedures

Procedures related to leave and compensatory time, closed session minutes, and computer passwords are in need of improvement.

### 6.1 Leave and compensatory time

County employees are allowed to accrue annual leave in excess of county policy and are also allowed to accumulate negative compensatory time leave balances. Further, the Sheriff's office does not calculate compensatory time accrued in accordance with the county policy.

As noted in our prior report, the county did not properly limit the amount of annual leave carried forward by employees from one year to the next. County policy allows 80 hours of annual leave to be carried forward as of each employee's anniversary date. We reviewed leave records for 11 employees and noted the leave balance carried forward for 4 of the 11 employees was in excess of the county policy.

In addition, employees are allowed to have negative compensatory time balances. During our review of payroll records, we noted four employees had negative compensatory time balances during 2012. One of these employees had a negative compensatory leave balance of 60 hours. In addition, one employee had sufficient annual leave that could have been used instead of allowing a negative compensatory time balance. Negative balances are not allowed per the county policy.

Further, county policy regarding Sheriff's department compensatory time provides for time and one half for hours worked beyond 171 hours in a 28 day period, as allowed by the Fair Labor Standards Act of 1938. However, the Sheriff's office also calculates compensatory time as straight time for hours above 160 in a 28 day period until the employee reaches 171 hours and this straight time is not addressed in the county policy. After 171 hours, the employee accrues compensatory time at time and one half in accordance with the policy.

To ensure employees are treated equitably and are properly compensated, strict compliance with the personnel policy is necessary to ensure the carryover of annual leave and the accrual of compensatory time is proper and allowable.

### 6.2 Closed meetings

Minutes were not maintained for closed meetings held during the year ended December 31, 2012. The county held 17 closed meetings during 2012, and did not maintain minutes for any of these meetings.

The Sunshine Law, Chapter 610, RSMo, requires governmental bodies to prepare and maintain minutes of closed meetings.

### 6.3 Computer passwords

Passwords are not required to be periodically changed in county offices. Changing passwords periodically limits access to data files and programs to only those individuals who need access for completion of job



---

Crawford County  
Management Advisory Report - State Auditor's Findings

---

responsibilities, and reduces the possibility of unauthorized access to county computers and data.

Controls over computer systems are not sufficient to prevent unauthorized access. As a result, county records are unprotected and susceptible to damage or theft.

## Recommendations

- 6.1 The County Clerk and County Commission ensure annual leave carried forward from year to year and compensatory time accrued is calculated in accordance with the county personnel policy. In addition, negative compensatory time balances should not be allowed.
- 6.2 The County Commission ensure minutes are prepared and comply with state law regarding closed meetings.
- 6.3 The County Commission work with county officials to require passwords which are confidential and periodically changed to prevent unauthorized access to the county's computers and data.

## Auditee's Response

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

- 6.1 *The payroll clerk does bi-monthly reviews of compensatory time and reports monthly to the County Commission. Negative balances will be detected in these reviews and will not be allowed. The County Commission will work with all departments to ensure scheduled time and leave accrual is consistent with county policy. Carryover balances of annual leave will be limited to 80 hours in accordance with county policy.*
- 6.2 *Once this was pointed out to us, the County Clerk immediately implemented this recommendation.*
- 6.3 *This is being phased in as we complete the virtualization of our network.*

---

# Crawford County

## Organization and Statistical Information

---

Crawford County is a county-organized, third-class county. The county seat is Steelville.

Crawford 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 96 full-time employees and 13 part-time employees on December 31, 2012.

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

### Elected Officials

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

Officeholder	2013	2012
Leo Sanders, Presiding Commissioner	\$	30,380
Richard Martin, Associate Commissioner		28,380
John Hewkin, Associate Commissioner		28,380
Kimberly A. Cook, Recorder of Deeds		43,000
Mardy Leathers, County Clerk		43,000
William Camm Seay, Prosecuting Attorney		113,112
Randy Martin, Sheriff		48,000
Jim Huddleston, County Treasurer (1)		38,617
Jennifer Farr, County Treasurer (1)		3,025
Jessica Easler, County Treasurer (1)		1,792
Paul Hutson, County Coroner		15,000
Franky Todd, Public Administrator		43,000
Pat Schwent, County Collector, year ended February 28,	43,000	
Kerry Summers Sr., County Assessor , year ended August 31,		43,000

(1) Jessica Easler resigned in January 2012. Jennifer Farr was appointed by the County Commission and served for 3 weeks. Jim Huddleston was appointed by the Governor in February and served the rest of 2012.

### Financing Arrangements

In 2011, the county refinanced the Leasehold Revenue Bonds, dated 2001 and 2002, related to the County Jail constructed in 2002. The county



## Crawford County Organization and Statistical Information

---

refinanced the bonds for the same term as the prior bonds and in the amount which was currently owed. The bonds were refinanced in an effort to reduce the amount of interest paid on the bond issue. At December 31, 2012, the principal amount owed on the bonds was \$2,785,000 with expected interest payments of \$529,261 over the life of the bonds. These bonds will be retired in 2021.