



Thomas A. Schweich

Missouri State Auditor

Macon County



August 2013

Report No. 2013-078

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CITIZENS SUMMARY

Findings in the audit of Macon County

Recorder of Deeds' Accounting Procedures	The Recorder of Deeds does not always issue receipt slips for the full amount received when overpayments are made, so the total amount of receipts cannot be reconciled to the total amount of deposits. The Recorder of Deeds does not reconcile the bank balance to the book balance and does not reconcile the liabilities with the cash balances. At the end of 2012, the bank balance was \$369 short of the book balance, and the cash balance exceeded the list of liabilities by \$657.
Public Administrator's Annual Settlements	The Public Administrator does not always file annual settlements timely. Of the 41 cases managed by the Public Administrator with an annual settlement due in 2012, 9 (22 percent) annual settlements were not filed timely, and one was never filed. The acting Probate Clerk admittedly did not always timely notify the Public Administrator that annual settlements were due, but such failure does not excuse the Public Administrator from making the settlements on time as required by state law.
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 **Good**.*

*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.

Macon County

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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Macon County

We have audited certain operations of Macon County in fulfillment of our duties under Section 29.230, RSMo. In addition, Casey-Beard-Boehmer PC, Certified Public Accountants, has been engaged to audit the financial statements of Macon 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 Macon 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:	Lori Melton, M.Acct., CPA
In-Charge Auditor:	Julie A. Moulden, MBA, CPA
Audit Staff:	Robert Graham
	Andrew Behrens

Macon County Management Advisory Report State Auditor's Findings

1. Recorder of Deeds' Accounting Procedures

Receipt slips are not always issued for the full amount received, and bank reconciliation procedures are not adequate. The Recorder of Deeds processed approximately \$130,000 during the year ended December 31, 2012.

1.1 Receipt Slips

Receipt slips are not always issued for the full amount received. When overpayments are received, receipt slips should be issued for the full amount received, but may be issued only for the amount of the documents recorded. If receipted correctly, overpayments are tracked in the accounting system through an escrow entry. Whether or not overpayments are receipted, the overpayments are included in the deposit. By not issuing receipt slips for the full amount received, the total amount of receipts does not agree to the total amount deposited and the escrow list is not complete.

To ensure all amounts collected are accounted for properly, receipt slips should be issued for the full amount of payments received and detailed records should be maintained of all amounts collected and held in escrow.

1.2 Reconciliation Procedures

The Recorder of Deeds does not reconcile the bank balance to the book balance. In addition, liabilities are not reconciled with cash balances. At December 31, 2012, the book balance of \$13,588, which includes December fees not yet distributed to the state and county along with monies held in escrow, exceeded the bank balance of \$13,219, which included adjustments for outstanding checks and deposits in transit, indicating a shortage in the account of \$369. At January 2, 2013, after making month-end distributions for December 2012, the remaining book balance of \$1,200 exceeded the escrow list (list of liabilities) by \$657.

Adequate bank reconciliations are necessary to ensure receipts and disbursements are accounted for properly. A regular comparison of liabilities to the book balance is necessary to ensure records are in balance and sufficient funds are available for payment of all liabilities. Any differences should be promptly investigated and resolved.

Recommendations

The Recorder of Deeds:

- 1.1 Ensure receipt slips are issued for the full amount of monies received, allowing overpayments to be tracked in the accounting system.
- 1.2 Reconcile book balances to bank statements and lists of liabilities monthly. Any discrepancies between the accounting records and reconciliations should be promptly investigated and resolved.



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Management Advisory Report - State Auditor's Findings

Auditee's Response

The Recorder of Deeds provided the following response:

I agree with the auditor's recommendations and will implement them immediately.

2. Public Administrator's Annual Settlements

The Public Administrator does not always timely file annual settlements in compliance with state law. In addition, the Probate Division does not timely notify the Public Administrator prior to the deadline for the annual settlement or follow up on annual settlements not filed by the required date.

We reviewed the 41 cases managed by the Public Administrator with an annual settlement due during the year ended December 31, 2012. This review noted 9 of 41 (22 percent) cases included an annual settlement which was not filed timely. In addition, one annual settlement was never filed. The Public Administrator indicated she does not prepare annual settlements until she has been notified by the Probate Division. The acting Probate Clerk indicated there were times when she was not able to timely notify the Public Administrator that annual settlements were due or follow up when the settlements were not filed timely because of limited staff and large caseloads.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. In addition, while Sections 473.557 and 475.280, RSMo, require the clerk of the court to notify the conservator or guardian (Public Administrator) of the deadline for the annual settlement, these sections do not excuse the Public Administrator from making the settlement at the time required by law. 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 ensure annual settlements are timely filed. In addition, the Probate Division should notify the Public Administrator of annual settlement deadlines in a timely manner and follow up on those settlements which are not filed by the required date.

Auditee's Response

The Public Administrator and Deputy Circuit Clerks provided the following response:

Between August 2010, and October 2012, there were extenuating circumstances in the Circuit Clerk's office that have since been resolved. The former Probate Clerk retired in August 2010, and was not replaced until October 2012. In the interim, the Circuit Civil Clerk handled the probate case load. An additional clerk was hired in October 2012, to handle the probate caseload.



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Management Advisory Report - State Auditor's Findings

The Probate Division has timely notified and the Public Administrator has timely filed settlements in 2013. We are aware of the timely filing deadlines and will work to ensure notices and settlements are filed timely in the future.

Macon County

Organization and Statistical Information

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

Macon 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 55 full-time employees and 14 part-time employees on December 31, 2012.

In addition, county operations include a Senate Bill 40 Board and a County Park 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
Alan R. Wyatt, Presiding Commissioner	\$	29,060
Drew Belt, Associate Commissioner		27,060
Jon Dwiggins, Associate Commissioner		27,060
Sherry Muncy, Recorder of Deeds		41,000
Shirley Sims, County Clerk		41,000
Josh Meisner, Prosecuting Attorney		49,000
Robert Dawson, Sheriff		45,000
Krista Bruno, County Treasurer		41,000
Brian Hayes, County Coroner		13,000
Lois Noland, Public Administrator		41,000
Jeanette Ronchetto, County Collector (1), year ended February 28,	42,529	
Alan Spencer, County Assessor , year ended August 31,		41,000
Edward Cleaver, County Surveyor (2)		

(1) Includes \$1,529 of commissions earned for collecting city property taxes.

(2) Compensation on a fee basis.

Financing Arrangements

In January 2012, a 10 year lease purchase agreement was entered into for the purchase of a Missouri Department of Transportation building located in Macon, Missouri, to encourage economic development and create new jobs. The purchase price of the property was \$1,624,250. The county receives



Macon County Organization and Statistical Information

credit toward the purchase price of the property each year by creating new jobs. The value of the new jobs is the annual salary and benefits of each new job. In 2012, the county received a credit of \$804,517 for 35 jobs created by a new business subleasing the property. The remaining purchase price to be paid or job creation credit to be earned for the property over the remaining 9 years of the agreement is \$819,733.