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Missouri State Auditor

Mercer County



September 2013

Report No. 2013-089

<http://auditor.mo.gov>



CITIZENS SUMMARY

Findings in the audit of the Mercer County

County Collector-Treasurer Controls and Procedures	The County Collector-Treasurer does not prepare a monthly list of liabilities and reconcile it to the available cash balance. At our request, the County Collector-Treasurer's office prepared a list of liabilities, and liabilities exceeded the reconciled cash balance by \$192. A regular comparison of liabilities to the reconciled cash balance reduces the likelihood of errors and allows discrepancies to be adequately investigated.
Appointed Boards	Neither the Senior Citizens Board nor the Recreation District Board adequately monitors funding provided to various entities. Contracts with entities funded do not require the entities to provide financial reports or other documentation showing how the funds are spent. Contracts should contain provisions which allow the Boards to evaluate and monitor how these funds are being used.
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.

Mercer County

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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Mercer County

We have audited certain operations of Mercer County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Mercer 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) no significant 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 Mercer 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:	Todd M. Schuler, CPA
In-Charge Auditor:	Julie A. Moulden, MBA, CPA
Audit Staff:	Andrew Behrens
	Robert Graham

Mercer County Management Advisory Report State Auditor's Findings

1. County Collector-Treasurer Controls and Procedures

The County Collector-Treasurer does not prepare a monthly list of liabilities and reconcile the list to the available cash balance. The County Collector-Treasurer's office processed property tax collections of approximately \$5 million during the year ending February 28, 2013.

At our request, the County Collector-Treasurer's office prepared a liabilities list as of February 28, 2013, and compared liabilities to the reconciled cash balance. Liabilities exceeded the reconciled cash balance by \$192.

Without a regular comparison of liabilities to the reconciled cash balance, there is less likelihood errors will be identified and the ability to resolve errors is diminished. Differences must be adequately investigated and explained.

Recommendation

The County Collector-Treasurer prepare monthly lists of liabilities, reconcile the lists to the available cash balance, and promptly investigate any differences.

Auditee's Response

The County Collector-Treasurer provided the following written response:

I have already started implementing a listing of liabilities on the monthly reconciliation to make sure all funds are accounted for.

2. Appointed Boards

The Senior Citizens Board and the Recreation District Board do not adequately monitor funding provided to various entities. Contracts with entities funded do not require the entities to provide financial reports or other documentation of how funds are spent. During the year ended December 31, 2012, the Senior Citizens Board provided funding totaling approximately \$27,000 and the Recreation District Board provided funding totaling approximately \$122,500.

Contract provisions requiring the submission of financial reports or other supporting documents are necessary to allow the Board to evaluate and monitor how the funds are used.

Recommendation

The Senior Citizens Board and the Recreation District Board ensure written contracts require entities receiving funds to file financial reports or other documentation of how funds provided are spent.

Auditee's Response

The Senior Citizens Board provided the following response:

We have implemented the auditor's recommendation and will ensure contracts are in writing and entities file financial reports or other documentation of how funds provided are spent in the future.



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Management Advisory Report - State Auditor's Findings

The Recreation District Board provided the following response:

We agree with the auditor's recommendation and are in the process of updating written contracts and will monitor the entities who receive funding in the future.

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Organization and Statistical Information

Mercer County is a township-organized, third-class county. The county seat is Princeton.

Mercer County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 27 full-time employees and 2 part-time employees on December 31, 2012. The townships maintain county roads.

In addition, county operations include a Senior Citizens Board and a Recreation District 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
Clifford Shipley, Presiding Commissioner	\$	23,120
Thomas Shane Grooms, Associate Commissioner		21,120
Kenneth D. Wilson, Associate Commissioner		21,120
Patricia Stamper, Circuit Clerk and Ex Officio Recorder of Deeds (1)		54,005
Judy Hamilton, County Clerk		32,960
John L. Young, Prosecuting Attorney		40,170
Steve Stockman, Sheriff		39,140
Michael Greenlee, County Coroner		8,240
Kelli Judd, Public Administrator		20,600
Susan Moore, County Collector-Treasurer (2), year ended February 28,	33,964	
Norberta DeMoss, County Assessor, year ended August 31,		32,640

(1) Compensation is paid by the state.

(2) Includes \$839 of commissions earned for collecting city property taxes.