



# Thomas A. Schweich

Missouri State Auditor

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## Stoddard County



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December 2013  
Report No. 2013-134

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<http://auditor.mo.gov>



**Thomas A. Schweich**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Stoddard County

Property Tax System	As noted in our prior audit report, property tax system controls and procedures need improvement. 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 adequately verifies the accuracy of the County Collector-Treasurer's annual settlements. The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books.
County Collector-Treasurer Oversight	The County Collector-Treasurer does not adequately oversee the accounting activities performed by the Deputy Collector.
Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney's office does not provide adequate oversight to ensure it transmits all monies received to the County Collector-Treasurer and victims. The Prosecuting Attorney's office does not maintain a complete list of accounts receivables and currently stores data in three different accounting systems. The systems could not produce a complete report of accounts receivables, and for three of ten cases reviewed the accounting system showed an inaccurate balance owed. The Prosecuting Attorney's office does not have procedures to follow up on accounts receivables and does not periodically review outstanding balances to determine if any are uncollectible and could be written off.
Additional Comments	<p>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.</p> <p>The Stoddard County Sheriff's office is the subject of a separate audit report, No. 2013-112, <i>Stoddard County Sheriff</i>, which was issued in November 2013.</p>

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.

**All reports are available on our Web site: [auditor.mo.gov](http://auditor.mo.gov)**

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# Stoddard County

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# **THOMAS A. SCHWEICH**

## **Missouri State Auditor**

To the County Commission  
and  
Officeholders of Stoddard County

We have audited certain operations of Stoddard 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 Stoddard 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 Stoddard County.

An additional report, No. 2013-112, *Stoddard County Sheriff*, was issued in November 2013.

A handwritten signature in black ink that reads "Thomas A. Schweich". The signature is written in a cursive style with a large, stylized "S" at the end.

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:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Keriann Wright, MBA, CPA
In-Charge Auditor:	Matthew Schulenberg, CFE
Audit Staff:	Rachelle Thompson
	Andrew Ferguson, M.Acct.

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# Stoddard County

## Management Advisory Report

### State Auditor's Findings

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#### **1. Property Tax System**

As noted in our prior audit report, property tax system controls and procedures need improvement. During the year ended February 28, 2013, property taxes charged to the County Collector-Treasurer totaled approximately \$22.8 million.

##### **1.1 Account book**

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 adequate procedures to verify the accuracy of the County Collector-Treasurer's annual settlements. As a result, errors and irregularities on the annual settlement could go undetected. The County Clerk reviews the monthly and annual settlements for mathematical accuracy and the County Commission scans the annual settlements; however, a detailed review is not performed.

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-Treasurer, 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-Treasurer each year are accounted for properly and could also be used by the County Clerk and County Commission to verify the County Collector-Treasurer's annual settlements.

##### **1.2 Tax books**

The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books. The county's computer programmer enters the property tax levies into the property tax system, as provided by the County Clerk, and the County Collector-Treasurer extends and prints the current and delinquent tax books and tax statements and verifies the accuracy of amounts to be collected. The County Clerk does not test or verify the accuracy of the tax books. Because the County Collector-Treasurer is responsible for collecting property tax monies, good internal controls require that someone independent of that process be responsible for generating and testing the accuracy of the property tax books. A review of tax books should include verification of individual entries in the tax books and recalculating tax book totals and charges. Failure to perform adequate reviews of the tax books by an independent person may result in errors or irregularities going undetected.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and delinquent tax books and charge the County Collector-Treasurer with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, the accuracy of the tax books should be verified and approval of the tax book amounts to be charged to the County Collector-Treasurer should be documented.



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## Recommendations

- 1.1 The County Clerk maintain a complete and accurate account book with the County Collector-Treasurer. In addition, the County Commission and the County Clerk should use the account book to review the accuracy and completeness of the County Collector-Treasurer's annual settlements.
- 1.2 The County Clerk prepare the current and delinquent tax books, or at a minimum, verify the accuracy of the tax books prior to charging the County Collector-Treasurer with the property tax amounts to be collected. Procedures performed should be documented.

## Auditee's Response

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

- 1.1 *An account book was established in February 2013. This account book will be used to review the County Collector-Treasurer's annual settlement for accuracy and completeness.*

*The County Clerk provided the following response:*

- 1.2 *I will test and verify the accuracy of the tax books and document these tests.*

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## 2. County Collector-Treasurer Oversight

The County Collector-Treasurer does not provide adequate oversight of accounting activities. During the year ended February 28, 2013, the County Collector-Treasurer collected approximately \$19.9 million.

The Deputy Collector is responsible for making disbursements and preparing monthly and annual settlements, in addition to collecting and recording some receipts. However, the County Collector-Treasurer only occasionally reviews disbursements and compares monthly/annual settlements to supporting documentation, and these reviews are not documented.

Proper oversight is necessary to provide more assurance accounting records are complete and accurate, transactions are proper, and assets are adequately safeguarded.

## Recommendation

The County Collector-Treasurer perform and document supervisory reviews of all accounting duties.

## Auditee's Response

*The County Collector-Treasurer provided the following response:*

*I will begin documenting my review of all accounting records. In addition, procedures have been developed to help review monthly and annual settlements.*



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### 3. Prosecuting Attorney Controls and Procedures

Controls and procedures need improvement. During the year ended December 31, 2012, the Prosecuting Attorney's office collected approximately \$133,500 in bad check fees and restitution and court-ordered restitution.

#### 3.1 Oversight

The Prosecuting Attorney's office does not provide adequate oversight to ensure all monies received are properly transmitted to the County Collector-Treasurer and victims. Two employees are primarily responsible for collecting and recording monies received, while one of these employees is also responsible for turning bad check fees over to the County Collector-Treasurer and transmitting bad check and court-ordered restitution payments to victims.

Proper oversight is necessary to provide more assurance all monies received are properly and timely turned over to County Collector-Treasurer or transmitted to the victims.

#### 3.2 Accounts receivable

The Prosecuting Attorney's office does not maintain a complete list of accounts receivables and the accounting systems used to track fees and restitution payments are not complete and accurate. In addition, the Prosecuting Attorney's office does not adequately monitor bad check fees and restitution, and court-ordered restitution payments due from defendants. According to records, accounts receivables totaled at least \$675,000 as of December 31, 2012.

##### Accounts receivable list

A complete list of accounts receivables is not maintained and the accounting systems used for tracking payments are not complete and accurate. The Prosecuting Attorney's office currently uses three different accounting systems to monitor amounts owed and payments received. According to personnel, systems were upgraded over the years; however, they have not had the personnel to move data from the old systems into one complete system.

- An accounts receivable report could not be prepared from one of the systems, and the other two systems could only prepare a listing of accounts receivables for either bad checks or court-ordered restitution owed, but not both. As a result, the Prosecuting Attorney's office was unable to determine a complete and accurate accounts receivable balance.
- The accounting systems do not include an accurate balance of amounts owed. For three of ten cases reviewed, the system showed an outstanding accounts receivable balance; however, case files indicated the case had been paid in full. According to personnel, one of the





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

systems crashed and they have not had time to go back into the system to ensure the outstanding balances are accurate.

### Follow-up procedures

The Prosecuting Attorney's office does not reconcile accounts receivable records with court records to ensure all outstanding balances are considered for follow up, and no other procedures are in place to follow up on accounts receivables. Additionally, outstanding balances are not periodically reviewed to determine if any amounts are uncollectible and could be written off.

The Prosecuting Attorney's office relies on the Circuit Court to monitor and follow up on account receivables for bad check fees and bad check and court-ordered restitution due. On a monthly basis, the Circuit Court prepares a listing of all individuals who have an outstanding balance with the Prosecuting Attorney's office, based on court records. At the court's request, the Prosecuting Attorney's office will provide information about whether individuals made any payments during the last month. If payment had not been made and an extension had not been granted, the court issues an arrest warrant for non-payment. Without ensuring the court's records are complete and accurate, the Prosecuting Attorney's office cannot ensure all outstanding balances are considered for follow up.

Proper and timely monitoring of accounts receivables is necessary to help ensure unpaid restitution is collected and distributed to the victims and proper follow-up action is taken for non-payment. In addition, proper monitoring is necessary to provide information to the Circuit Judge when amounts are deemed uncollectible and should be written off.

### Recommendations

The Prosecuting Attorney:

- 3.1 Ensure periodic independent or supervisory reviews of monies transmitted are performed and documented.
- 3.2 Improve monitoring of unpaid bad check fees and restitution, and court-ordered restitution. In addition, the Prosecuting Attorney should maintain a complete list of accounts receivables and ensure accounting systems are complete and accurate.

### Auditee's Response

*The Prosecuting Attorney provided the following written responses:*

- 3.1 *The Prosecuting Attorney's Office has in place procedures that adequately ensure against fraud or mismanagement in that 1) this office does not accept any form of payment other than money orders made payable to either the victim or Stoddard County; 2) if a money order is received made payable to a victim for restitution it is immediately forwarded to the victim; 3) if a money order is received made payable to Stoddard County for fees associated with*



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Stoddard County  
Management Advisory Report - State Auditor's Findings

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*prosecution it is transferred to the County Collector/Treasurer immediately when the total of all money orders in the office possession exceeds \$150.00; 4) that adequate segregation of duties are and have been in place in that one person is not solely responsible for the receipt of moneys, our bad check clerk is primarily responsible for receiving money from Defendants, her receiving of money orders is supervised, monitored and reviewed by our office manager on a regular basis, there exists no standard for auditing or governmental organizations, programs, activities and functions established by the comptroller general of the United States that requires any additional level of oversight; 5) additional procedures are now in place to ensure that documentation of regular oversight of the forwarding of money order to the county or victims can be provided to auditors in the future.*

- 3.2 *The Prosecuting Attorney of Stoddard County, Russell D. Oliver, took office January 1st of 2011. Since that time our office, with much success, has put forth a great deal of effort to collect old to very old restitution debts for victims. That said, \$606,023.81 of the \$675,000.00 figure included in the Auditor's report as accounts receivables are old to very old restitution amounts which are, for various reasons, very difficult or impossible to collect. A great many of these very old restitution amounts are greater than 10 years old.*

*The Stoddard County Prosecuting Attorney's Office has begun to keep a manually entered records system in a Microsoft Excel Spreadsheet to allow us to track accounts receivables.*

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# Stoddard County

## Organization and Statistical Information

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Stoddard County is a township-organized, third-class county. The county seat is Bloomfield.

Stoddard 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 57 full-time employees and 25 part-time employees on December 31, 2012. The townships maintain county roads.

In addition, county operations include the Senate Bill 40 Board and the 911 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
Greg Mathis, Presiding Commissioner	\$	32,450
Frank Sifford, Associate Commissioner		30,450
Carol Jarrell, Associate Commissioner		30,450
Kay Asbell, Recorder of Deeds		45,750
Joe Watson, County Clerk		45,750
Russell Oliver, Prosecuting Attorney		55,750
Carl Hefner, Sheriff		50,750
Aaron Mathis, County Coroner		16,750
Pamela Lape, Public Administrator		45,750
Carla Moore, County Collector-Treasurer, year ended March 31,	57,928	
Jody Lemmon, County Assessor, year ended August 31,		45,500
Dan Fisher, County Surveyor (1)		

(1) Compensation on a fee basis.