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Missouri State Auditor

Texas County



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CITIZENS SUMMARY

Findings in the audit of Texas County

Tax Maintenance Fund	<p>Due to a disagreement with the County Commission, the County Collector-Treasurer opened a separate Tax Maintenance bank account and used this account for some deposits and disbursements instead of using the county's Tax Maintenance Fund. This activity was not recorded in the county's accounting system or reflected in the county's financial statements resulting in the county not issuing some required 1099-MISC forms. The County Collector-Treasurer made more than \$10,000 in disbursements that were not in compliance with state law and/or did not appear reasonable. Purchases included security equipment and installation; a 47-inch flat screen television; cooking supplies, food, and catering services for "customer appreciation" events; a gaming system and video games; a tablet computer; a laptop; office decorations; and cable television service. Under state law the Tax Maintenance Fund is to be used for administration and operation costs of the office of the County Collector-Treasurer.</p>
County Collector-Treasurer Controls and Procedures	<p>The County Collector-Treasurer and her deputies improperly waived and adjusted as much as \$7,830 in penalties and interest on delinquent taxes for some taxpayers and needs to improve procedures and records related to the collection of partial payments. The County Collector-Treasurer did not ensure complete and accurate bank reconciliations or lists of liabilities were performed and did not document her reviews. The County Collector-Treasurer has not ensured overpayments received are documented or refunded properly. The County Collector-Treasurer does not have procedures to reverse recorded payments for insufficient fund checks and the County Clerk incorrectly entered the effective date on which penalties would begin being charged on delinquent taxes.</p>
Public Administrator Controls and Procedures	<p>The former Public Administrator did not timely file annual settlements for active wards, did not timely file settlements following the death of a ward for at least 17 cases, and did not assess and collect fees from the accounts of some wards and estates. Similar weaknesses had been discussed in one or more prior audit reports. The former Public Administrator also did not make payments timely, maintain adequate supporting documentation for some disbursements, and did not prepare monthly bank reconciliations for any bank accounts.</p>
Prosecuting Attorney Controls and Procedures	<p>The Prosecuting Attorney has not adequately segregated accounting duties or performed a supervisory review of accounting records. The Bad Check Clerk does not prepare a monthly list of liabilities and reconcile the list to the cash balance. The Prosecuting Attorney's office does not adequately monitor the collection of court-ordered restitution, account for and monitor the disposition of all bad checks submitted to the office, ensure information recorded in the computerized accounting system is accurate and reliable, or routinely follow up on outstanding checks.</p>

Sheriff Controls and Procedures	As noted in our prior 3 audits reports, the Sheriff has not adequately segregated accounting duties and has not established a supervisory review of accounting records. The Jail Administrator had not performed a bank reconciliation since October 2010, and the bank reconciliations prepared at our request identified 397 checks that had been outstanding for more than one year. The Sheriff has not established adequate controls over seized property.
Minutes and County Procedures	The County Commission did not approve 8 of 49 open meeting minutes during 2012, the County Commission and the County Clerk do not always agree on the accuracy of the minutes and do not resolve their differences, topics discussed in closed meetings were not always cited in open meetings, and roll call votes to enter the closed meeting were not always documented. The county did not solicit requests for proposals or enter into written agreements for several professional service purchases. Some county officials do not require their staff to change computer passwords periodically, while others allowed staff to share passwords. The county lacks procedures to ensure 1099-MISC forms are prepared and filed as required.
County Assessor Receipts	The County Assessor does not always issue receipt slips for monies received, record all receipts on a log when received, or account for the numerical sequence of receipt slips issued.
Wri-Tex 911 Operations Fund	The Wri-Tex 911 Executive Board has not developed a plan to address the declining financial condition of the Wri-Tex 911 Operations Fund. The cash balance has fallen from \$157,062 in 2011 to a budgeted \$28,610 in 2014. Texas County did not have the authority to transfer an administrative fee from the Wri-Tex 911 Operations Fund to the county's General Revenue Fund.
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 **Poor**.*

*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 Texas County

We have audited certain operations of Texas 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 Texas 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 Texas 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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Texas County Management Advisory Report State Auditor's Findings

1. Tax Maintenance Fund

We identified significant problems with the management and use of Tax Maintenance Fund monies.

The County Collector-Treasurer is required to collect a penalty of 7 percent of the total charged on delinquent taxes, and two-sevenths of this penalty is required to be paid into the Tax Maintenance Fund of the county to be used for additional administration and operation costs related to the office of the County Collector-Treasurer. During the year ended December 31, 2012, the County Collector-Treasurer authorized disbursements of \$10,418 from the county's Tax Maintenance Fund and \$8,057 from her Tax Maintenance bank account.

1.1 Bank account

In February 2012, due to disagreements between the County Commission and the County Collector-Treasurer regarding the appropriate use of funds, the County Collector-Treasurer opened a separate Tax Maintenance bank account and during the year ended December 31, 2012, she deposited \$8,186 of \$15,144 in fees collected into this bank account instead of the county's Tax Maintenance Fund. The County Collector-Treasurer also disbursed \$8,057 from this bank account instead of disbursing the monies from the county's Tax Maintenance Fund. As a result, the activity in the separate bank account was not recorded in the county's accounting system, the county's 2012 financial statements did not present this activity, and in at least 3 instances, required vendor 1099-MISC forms were not issued.

In order to avoid future problems, the County Collector-Treasurer should close the separate bank account and record all activity of the Tax Maintenance Fund in the county's accounting system.

1.2 Disbursements

The County Collector-Treasurer made more than \$10,000 in disbursements from both the county's Tax Maintenance Fund and the separate bank account that were not in compliance with uses allowed by state law and/or did not appear reasonable. Many purchases appeared to be for personal use and not essential to the administration or operation of the County Collector-Treasurer's office. In addition, some purchases were not adequately supported, and some property items purchased were not tagged as county property. Also, personal use of some items was identified.

- In July 2012, the County Collector-Treasurer purchased security equipment including professional installation for \$4,000, including a wireless clock with camera, 2 wireless exit signs with cameras, a digital wireless camera, and a digital video recorder with DVD burner. The wireless exit signs were installed at the courthouse entrances without the knowledge of any other official. The remaining items were installed in the County Collector-Treasurer's office. This property was not tagged as county property or added to the county's capital asset listing.



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- In November 2010, the County Collector-Treasurer purchased a 47 inch flat screen television costing \$1,148. The television was placed in a meeting room to be used by the County Collector-Treasurer and her staff to exercise after work. According to the receipt, the County Collector-Treasurer received a \$250 gift card with this purchase; however, no documentation supporting the use of this gift card was retained by the County Collector-Treasurer. At our request, the County Collector-Treasurer contacted the retailer and obtained the documentation. It showed the \$250 gift card was used to purchase four yoga mats, four DVDs, exercise weights, office supplies, and donuts. The television was not tagged as county property or added to the county's capital asset listing.
- In February 2011, the County Collector-Treasurer purchased cooking supplies including a 10 piece cookware set (\$89), two skillets (\$50), muffin pans (\$10), and other small kitchen gadgets. Also, various grocery items totaling more than \$1,300 in 2012 and \$700 in 2011, including coffee, bottled water, soda, chips, candy, cookies, meat, bread, and fresh produce, were purchased. The County Collector-Treasurer indicated she hosts a customer appreciation event each Friday at her office, and the food is for those events. Catering services totaling \$115 in January 2011 and \$300 in December 2011 were also identified as customer appreciation items. Review of the bank account register for 2013 transactions between January and May 2013, identified similar purchases of grocery items.
- In March 2011, the County Collector-Treasurer purchased a gaming system (\$399) and two video games (\$50 each). The County Collector-Treasurer indicated these items are used by herself and her staff to exercise after work. We observed the County Collector-Treasurer's grandson using the gaming system. The gaming system was not tagged as county property or added to the county's capital asset listing.
- In November 2011, the County Collector-Treasurer purchased a 10 inch tablet computer (\$398), protective case (\$40), and screen protectors (\$15). When the County Collector-Treasurer prepared the disbursement information for the County Clerk to process, she identified the item as a computer monitor; however, this description is inaccurate. Also, in September 2013, the County Collector-Treasurer purchased a laptop computer (\$399). According to the County Collector-Treasurer, the tablet and laptop are kept at her home and are used to access her e-mail account when she is away from the office. Neither the tablet nor the laptop was tagged as county property or added to the county's capital asset listing.



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- The County Collector-Treasurer purchased various office decorations and miscellaneous items including flowers and flower boxes, clocks, bird feeders and bird seed, bales of hay, pumpkins, a Christmas tree and Christmas decorations totaling approximately \$600 for the 2 years ended December 31, 2012. Review of the bank account register for 2013 transactions between January and May 2013, identified similar purchases of office decorations and miscellaneous items.
- The County Collector-Treasurer pays for cable television service in her office totaling approximately \$200 per year.

Section 54.325, RSMo, indicates the Tax Maintenance Fund is to be used for administration and operation costs of the office of the County Collector-Treasurer. It is unclear how the above items benefited the operation or administration of the office of the County Collector-Treasurer and therefore, the disbursements are not an appropriate use of Tax Maintenance Fund monies. In addition, several of the items appear to be for personal rather than office use. Adequate capital asset records and procedures are necessary to ensure effective internal controls over county property.

Recommendations

The County Collector-Treasurer:

- 1.1 Should close the separate bank account and record all Tax Maintenance Fund activity in the county's accounting system.
- 1.2 Ensure disbursements from the Tax Maintenance Fund are adequately documented and in compliance with statutory provisions. In addition, the County Collector-Treasurer should ensure equipment purchased is tagged as county property, and recorded in the county property records.

Auditee's Response

The County Collector-Treasurer provided the following written responses:

- 1.1 *The County Collector-Treasurer has closed her separate account.*
- 1.2 *The County Collector-Treasurer disagrees with the auditor's finding. The County Collector-Treasurer believes that every expense made was essential to the administration and operation of the County Collector-Treasurer's office. The County Collector-Treasurer does not believe items purchased and valued under \$1,000 are required to be tagged [49.093 RSMo].*



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- *The purchase of a security system was needed for the operation of the office. Other officials including members of the County Commission had knowledge of the system.*
- *The purchase of the television and the placement in the meeting room has been used by most of the offices in the Administrative Center including the County Commission.*
- *The purchase of supplies and equipment has been used by most of the offices in the Administrative Center including the County Commission.*
- *The County Commission approved the meeting room use as an exercise room for after work hours.*
- *A tablet computer is a needed piece of equipment.*
- *The decorations cost of the office is reasonable.*
- *The cost of cable services is a reasonable expenditure.*

The County Collector-Treasurer will discuss this fund with any resident needing additional information.

Auditor's Comments

- 1.2 We could not determine how any of the questionable items were "essential" to the operation or administration of the office of the County Collector-Treasurer. The County Collector-Treasurer's response only mentions one purchase that was "needed for the operation of the office." Many of the purchases seemed only for personal use with no intent to be used in the business operations of the office.

The County Collector-Treasurer's response does not address the need to tag as county property items purchased that exceeded \$1,000 (television and security system). Under Texas County capital assets policies, officials may report items costing less than \$1,000 and if reported the items are tagged as county property. It appears the County Collector-Treasurer's past practice has been to add computers or computer related items costing under \$1,000 to her office's capital asset listing because the current listing included about 20 such items.



2. County Collector-Treasurer Controls and Procedures

Significant control weaknesses were noted in the processing of transactions. The County Collector-Treasurer's office processed tax collections of more than \$8.5 million during the year ended February 28, 2013.

2.1 Waivers and adjustments

The County Collector-Treasurer and her deputies improperly waived and adjusted penalties and interest on delinquent taxes for some taxpayers. Under Section 139.100, RSMo, collectors are required to collect penalties and interest on delinquent taxes. That section allows the penalties and interest to be waived or adjusted for the purpose of processing certain transactions such as items postmarked prior to the due date or for taxes due from persons absent from the home and serving in the military. The County Collector-Treasurer and her deputies waived or adjusted penalties and interest in the property tax system by either manually deleting penalties and interest or by changing the date used by the system to calculate penalties and interest due. Our review of delinquent tax transactions processed between January 3 and December 12, 2012, identified 2,444 transactions where penalties and/or interest totaling \$7,830 were likely waived or adjusted by the County Collector-Treasurer or her staff for other than allowable reasons. We selected 61 of these transactions for further review and identified approximately \$320 in penalties and approximately \$1,100 in interest not collected when required.

The County Collector-Treasurer did not maintain separate records of these waivers and adjustments or review waivers and adjustments made by her staff. The County Collector-Treasurer was unable to provide any justification for some waivers and adjustments and some reasons provided, such as taxpayers not receiving a tax bill, incorrect addresses, or land parcels not being correctly combined for billing purposes, are not sufficient to warrant adjustment of penalties and interest due.

The County Collector-Treasurer should collect penalties and interest on delinquent taxes as required by law. In addition, the County Collector-Treasurer should ensure any waivers or adjustments are supported by adequate documentation and reviewed and approved by the County Commission.

2.2 Partial payments

The County Collector-Treasurer has not established adequate procedures and records related to the collection of partial payments. The County Collector-Treasurer accepts partial payments from taxpayers who are unable to pay their tax bills in full. Partial payments are held in escrow in the County Collector-Treasurer's bank account until the tax bill is fully paid, whereupon the County Collector-Treasurer records the taxes as paid in the property tax system. During the year ended December 31, 2012, the County



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Collector-Treasurer handled partial payments totaling approximately \$21,000 for 40 taxpayers.

Manual receipt slips were not always issued for partial payments received, did not always document method of payment, were not always issued in numerical sequence, and voided manual receipts slips were not always retained. In addition, some partial payments were not recorded on partial payment ledgers, some partial payment ledgers were destroyed, some partial payments received were not deposited timely, and balances due were not always updated for current interest charges.

For example, the County Collector-Treasurer accepted a \$600 money order as partial payment on March 20, 2012, for a taxpayer who owed a total of \$1,182 at March 30, 2012. No manual receipt slip was issued, the money was not timely deposited, and no partial payment ledger was established. A second payment was receipted on June 19, 2012, totaling \$291. These two payments, totaling \$891, were held and not deposited until July 31, 2012. On October 23, 2012, the taxpayer made a final payment totaling \$291. All payments, totaling \$1,182, were recorded in the property tax system on October 23, 2012. However, \$102 in interest accumulated between March and October 2012 was not collected.

Without accurate and detailed records for all partial payments collected and balances due, there is little assurance partial payments are properly handled and recorded. A properly maintained partial payment account ledger is crucial in the process of identifying liabilities of the County Collector-Treasurer.

2.3 Bank reconciliations and liabilities

The County Collector-Treasurer did not ensure her staff prepared complete and accurate bank reconciliations or a list of liabilities, and did not document her review of bank reconciliations prepared.

Bank reconciliations do not indicate all deposits in transit and a periodic list of liabilities was not prepared and agreed to the reconciled cash balance. We prepared a list of liabilities totaling \$170,915 at April 30, 2013, which included taxes to be distributed, bank interest, and partial payments; however, the reconciled cash balance at that date was \$190,448, resulting in a difference of \$19,533. The County Collector-Treasurer believes approximately \$7,000 of this amount is additional partial payments held; however, she was unable to provide documentation to support this amount.

Adequate and accurate bank reconciliations are necessary to ensure all receipts and disbursements are accounted for properly and the cash balance in the bank account can be properly identified. Without regular comparison of liabilities to the available cash balance and documented supervisory review, there is less likelihood errors will be identified and the ability to



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resolve errors is diminished. Differences must be adequately investigated and explained to provide assurance that bank and book balances have been properly reconciled, and that book balances are accurately stated.

2.4 Refunds

The County Collector-Treasurer has not established procedures to ensure overpayments received are documented or refunded properly. When an individual overpays his/her taxes by check, the amount due is recorded, instead of the check amount, in the property tax system. Then, when preparing the deposit slip, only the amount due is recorded on the deposit slip instead of the check amount and a "note" is prepared requesting the bank issue a cashier's check(s) payable to the taxpayer for the overpayment amount. The bank issues the cashier's checks at no cost to the County Collector-Treasurer and the County Collector-Treasurer mails the refund to the individual.

For example, on May 11, 2012, \$124 in cash and \$636 in checks (\$760 total) was recorded in the tax accounting system as payment received. The deposit slip prepared agrees to the recorded information in composition and total; however, the bank actually received cash totaling \$124 and checks totaling \$650, for a total of \$774. The bank deposited \$760 and issued two cashier checks for refund of over payments in the amount of \$9 and \$5 to specified taxpayers. The County Collector-Treasurer did not maintain records of all refunds issued by cashier's check and failed to properly receipt or document actual amounts received in accounting records. To fully understand refund transactions required obtaining bank data since the County Collector-Treasurer's records did not provide sufficient detail.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, overpayments should be properly receipted, recorded and deposited and refunds should be made by check from the County Collector-Treasurer's bank account. Refunded amounts should be supported by adequate documentation.

2.5 Insufficient fund checks

The County Collector-Treasurer does not have procedures in place to reverse payments previously recorded in the property tax system for insufficient fund (NSF) checks. When tax receipts are collected by the County Collector-Treasurer's office, the payments are posted to the tax accounting system. However, when subsequent notices of NSF checks are received, adjustments are not made to the property tax system.

Restitution for NSF checks may not be received until several months after the tax receipt was initially collected and in some instances, restitution may not be received. However, the County Collector-Treasurer disburses all monies recorded in the property tax system as receipts to the various political subdivisions on a monthly basis. As a result, the County Collector-Treasurer disbursed approximately \$4,400 during the year ended February 28, 2013, even though these amounts were not actually received.



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2.6 Penalty date

The County Clerk's office incorrectly entered the effective date on which penalties would begin being charged on delinquent taxes in the property tax system for 2011 real estate and personal property taxes.

The County Clerk's office is responsible for entering the date on which penalties are to be assessed on delinquent taxes owed. When this information was entered into the property tax system, the County Clerk's office mistakenly entered March 1, 2012, instead of January 1, 2012, causing the system to not charge the 7 percent penalty on delinquent 2011 property taxes paid between January 1 and February 28, 2012. The County Collector-Treasurer stated her office did not identify the error until late February 2012, and opted not to correct the error at that time. As a result, taxpayers delinquent in paying taxes were not charged the statutory 7 percent penalty required by law until March 1, 2012, and we estimate approximately \$25,200 in penalties were not collected. In addition, the failure to assess and collect the 7 percent penalty resulted in less monies being disbursed to the General Revenue Fund, Tax Maintenance Fund, and County Employee's Retirement Fund as outlined by state law.

To ensure penalties are properly and consistently charged to county taxpayers, the County Clerk should review the penalty dates entered into the property tax system and the County Collector-Treasurer should ensure penalties charged are accurate.

Recommendations

The County Collector-Treasurer:

- 2.1 Collect penalties and interest on delinquent taxes as required by law. In addition, the County Collector-Treasurer should ensure any waivers or adjustments are supported by adequate documentation and reviewed and approved by the County Commission.
- 2.2 Ensure partial payments are receipted immediately upon receipt, record partial payments on payment ledgers and ensure ledgers are maintained to support payment activity, and ensure balances are updated to reflect interest accrual.
- 2.3 Prepare complete bank reconciliations including lists of liabilities and reconcile the list of liabilities to the reconciled bank balance monthly. Any differences should be investigated and promptly resolved and supervisory review of the bank reconciliations should be documented.
- 2.4 Receipt, record, and deposit overpayments received, pay refunds by check, and maintain a complete record of all refunds issued.



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- 2.5 Establish procedures to reverse NSF check payments from the property tax system timely.
- 2.6 Work with the County Clerk to review the penalty dates entered into the property tax system to ensure penalties are properly assessed and collected.

Auditee's Response

The County Collector-Treasurer provided the following written responses:

- 2.1 *The County Collector-Treasurer agrees and has established adequate procedures and will follow the statutory requirements.*
- 2.2 *The County Collector-Treasurer has established adequate procedures to collect partial payments.*
- 2.3 *The County Collector-Treasurer believes she has proper procedures pertaining to bank reconciliations. Each month is approved and signed off by said County Collector-Treasurer. In addition, office staff will prepare a list of liabilities monthly and reconcile the list to the reconciled bank balance.*
- 2.4 *The County Collector-Treasurer believes she has proper procedures implemented to ensure adequate refunds and overpayment.*
- 2.5 *The County Collector-Treasurer has implemented procedures to adequately deal with payments related to NSF checks.*
- 2.6 *The County Collector-Treasurer has reviewed with the County Clerk and questions the amount of the audit finding.*

The County Commission provided the following written response:

- 2.1 *The County Commission agrees with the recommendation.*

The County Clerk provided the following written response:

- 2.6 *The County Clerk's office did incorrectly enter the wrong date on which penalties would begin being charged on delinquent taxes in the property tax system for 2011. The County Clerk's office will strive to enter the correct penalty dates so that the correct penalties will be charged on future delinquent taxes in the property tax system. The County Clerk's office questions the auditor's estimate of penalties not collected.*



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Auditor's Comment

- 2.4 The current method for handling refunds and overpayments used by the County Collector-Treasurer results in several control weaknesses including the failure to (1) deposit receipts intact, (2) make all disbursements by check, and (3) record all receipts and disbursements in the County Collector-Treasurer's accounting system, and increases the risk that loss or theft of monies could occur and not be detected.
- 2.6 The County Clerk indicated there was no attempt by county officials to calculate the amount of penalties that were not collected. Our methodology produced a reasonable estimate of the amount of penalties not collected.

3. Public Administrator Controls and Procedures

Procedures in the Public Administrator's office need improvement. During the year ended December 31, 2012, the Public Administrator was the court appointed personal representative for 59 individuals comprised of 36 active wards requiring annual settlements, 17 decedent estates, and 6 guardianships.

Unless otherwise specified, references to Public Administrator relate to the former Public Administrator whose term ended December 31, 2012. The current Public Administrator took office in January 2013. Recommendations are directed to the current Public Administrator since she is in a position to work with the Associate Circuit Court, Probate Division and implement changes.

3.1 Annual settlements

As noted in our previous two audit reports, the Public Administrator did not file annual settlements timely in compliance with state law. In addition, the Associate Circuit Court, Probate Division does not have procedures to notify the Public Administrator prior to the deadline for the annual settlement or to follow up on annual settlements not filed by the required date.

We reviewed the beginning and ending settlement dates for 32 active ward's case files with an annual settlement due for 2012 or 2013. We found annual settlements had not been filed in at least 3 years for 29 of the 32 cases reviewed, including 2 cases with no settlements filed since 2004 and 13 cases with no settlements filed since 2005. In addition, no annual settlement had been filed for 3 of the 32 cases as of October 1, 2013.

Further, with a newly elected official taking office in January 2013, the prior Public Administrator was required by Section 473.767.2 and .3, RSMo, to submit final settlements for each active ward in order to turn over assets to the newly elected official. In our review of these same 32 cases, we found 3 cases where final settlements were not filed until July 2013 and 3 cases in which no final settlement had been filed as of October 1, 2013.



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Also, the settlements filed did not always include all needed information and the court did not have a system in place to monitor and ensure timely filing of settlements, and did not always timely follow up with the Public Administrator regarding settlement omissions or other problems. The Public Administrator filed an annual settlement on July 25, 2012, without including beginning inventory or signing the document to attest to its accuracy. The Probate Clerk failed to contact the Public Administrator to request the needed information and signature until December 29, 2012. The Public Administrator filed an amended settlement including the needed information and signature on January 15, 2013, and the settlement was approved by the Judge on January 22, 2013.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. Section 473.767, RSMo, requires the Public Administrator to deliver property and file necessary settlements prior to leaving his/her term of office. In addition, 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. Timely, complete, and accurate settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that loss, theft, or misuse of funds will go undetected.

3.2 Case disposition

The Public Administrator did not timely file final settlements following the death of a ward for at least 17 cases. Fourteen of these wards died from 3 to 10 years prior to the final settlement filing date, and one ward died in the same year as the final settlement filing date. As of October 1, 2013, final settlements for 2 cases for wards who died in 2006 and 2009 were still not filed, and assets, including bank account balances, had not been distributed to the wards' heirs. The Public Administrator provided no explanation for the delays. Further, the Public Administrator held bank accounts open for these deceased wards and several banks charged monthly service fees to the accounts, slowly depleting the amount available for payment of fees or disbursement to heirs.

To reduce the risk of loss, theft, or misuse of assets, the Public Administrator should ensure final settlements are filed timely and assets are promptly distributed to heirs.

3.3 Estate fees

As noted in our prior audit report, the Public Administrator did not assess and collect fees from the accounts of some wards and estates. As noted in sections 3.1 and 3.2, the Public Administrator continued to fail to file annual or final settlements throughout the remainder of her term. Due to the untimely filing of settlements, the Public Administrator did not always petition the court to approve fees from the accounts of some wards and estates, and did not always document the criteria used to determine the fees charged. Section 473.742, RSMo, provides all fees collected by a Public



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Administrator who elects to be salaried are to be deposited into the county treasury.

The Public Administrator requested fees totaling \$46,307 upon filing of settlements between January 1 and October 1, 2013, from 17 of 35 wards and estates. The Public Administrator did not request fees from the other 18 wards and estates. As of October 31, 2013, \$27,344 has not been disbursed from the accounts of wards and estates and remains due to the county. The current Public Administrator stated she had no knowledge of fees owed by wards under her authority and had not established an accounts receivable listing to ensure the collection of these fees. The current Public Administrator indicated many cases currently held do not have sufficient assets or resources to pay the fees of the former Public Administrator.

In addition, the Public Administrator was not always consistent in the method used to calculate the fees. During our review of fees charged for services rendered during 2012, we noted some wards were charged \$40 per hour for some services in addition to the \$25 per month fee allowed by the Judge.

The Public Administrator issued checks for payment of fees prior to the Judge's approval of the request to pay fees incurred. For example, we noted a check for fees issued to the county in the amount of \$6,169 and a check for mileage reimbursement issued to the Public Administrator in the amount of \$615 in the Associate Circuit Court, Probate Division case file. These checks had been prepared and signed on July 15, 2013, however the fees and mileage reimbursement were not approved by the Judge until October 22, 2013, and the check for fees was not transmitted to the County Collector-Treasurer until October 25, 2013.

To ensure fees are properly assessed against the accounts of the wards and estates, the Public Administrator should work with the Associate Circuit Judge to establish a fee schedule. The Public Administrator should request fees when filing each annual and final settlement and remit all approved fees to the county treasury timely. In addition, the Public Administrator should consult with the Associate Circuit Judge regarding the unpaid fees of the former Public Administrator.

3.4 Disbursements and checks

The Public Administrator did not make payments timely and did not maintain adequate supporting documentation for some disbursements.

- Disbursements were not always paid timely. According to court documents found in several ward case files, several care facilities were not paid monthly for housing wards but instead were paid periodically for several months at one time during 2012 and 2013. The Public Administrator did not retain copies of the care facility invoices and we



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were unable to determine if wards incurred penalties due to the untimely payments.

- Attorneys are not required to submit invoices or other documentation supporting the services provided for fees approved by the court on behalf of wards and estates.

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

3.5 Bank reconciliations

The Public Administrator did not prepare monthly bank reconciliations for any bank accounts. Timely preparation of monthly bank reconciliations is necessary to ensure bank accounts are in agreement with accounting records and to detect and correct errors.

Recommendations

The Public Administrator:

- 3.1 Ensure annual settlements are filed timely and contain all required information. In addition, the Associate Circuit Court, Probate Division should notify the Public Administrator of annual settlement deadlines timely, follow up on settlements not filed by the required date, and ensure settlements are processed timely.
- 3.2 File final settlements for deceased wards and petition the court for orders of distribution timely.
- 3.3 Work with the Associate Circuit Judge to establish a fee schedule, request fees when filing annual and final settlements and remit approved fees to the county treasury timely. In addition, the Public Administrator should consult with the Associate Circuit Judge regarding the unpaid fees of the former Public Administrator.
- 3.4 Ensure disbursements are paid timely and supported by adequate documentation.
- 3.5 Prepare and document monthly bank reconciliations for all wards bank accounts.

Auditee's Response

The Public Administrator provided the following written responses:

- 3.1 *Annual settlements will be filed timely and will contain all required information. I have implemented a computerized system which notifies me when a filing is due to ensure timeliness.*



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- 3.2 *All final settlements and petitions for distribution will be completed in a timely manner.*
- 3.3 *The Associate Circuit Judge and I have established a new fee schedule. I will request fees when filing settlements and will remit fees to the county upon approval of the Judge. I will consult with the Associate Circuit Judge regarding the unpaid fees and if necessary will establish procedures to track and remit fees as reasonable.*
- 3.4 *All disbursements will be paid timely and all supporting documentation, such as invoices and copies of checks, will be retained.*
- 3.5 *I have hired a part-time clerk who completes the bank reconciliations monthly for all wards bank accounts. I then review all reconciliations for completeness and accuracy. In the future, I will also initial these reconciliations to document my review.*

The Associate Circuit Judge provided the following responses:

- 3.1 *I have directed the Probate Clerk to comply with the provisions of Sections 473.557 and 475.280, RSMo, and to process settlements timely.*
- 3.3 *I approved the new fee schedule submitted by the Public Administrator.*

4. Prosecuting Attorney Controls and Procedures

Accounting duties are not adequately segregated and supervisory reviews are not performed. Procedures to prepare lists of liabilities and reconcile the list to the cash balance have not been established, and monitoring procedures for court-ordered restitution are not adequate. Also, procedures have not been established to follow up on outstanding checks. The Prosecuting Attorney's office processed bad check restitution and fees and court-ordered restitution totaling approximately \$86,500 during the year ended December 31, 2012. In addition, the Prosecuting Attorney's office began collecting delinquent taxes in 2013.

4.1 Segregation of duties

The Prosecuting Attorney has not adequately segregated accounting duties or performed a supervisory review of accounting records. The Bad Check Clerk is responsible for receipting, recording, depositing, disbursing and reconciling all bad check and court-ordered restitution monies received. The Office Manager does not document a review of any accounting records other than the bank reconciliation. In addition, the Office Manager is primarily responsible for receipting, recording, and transmitting monies received for delinquent tax collections to the Missouri Department of Revenue.



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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 Prosecuting Attorney should implement and document an independent or supervisory review of accounting records.

4.2 Liabilities

The Bad Check Clerk does not prepare a monthly list of liabilities and reconcile the list to the cash balance. At our request, the Bad Check Clerk prepared a list of liabilities as of December 31, 2012, which totaled \$673, while the reconciled cash balance was \$6,923, indicating \$6,250 in unknown liabilities. All monies in the bad check account are either accountable fees or are due to victims for reimbursement for bad checks or court-ordered restitution.

A complete and accurate list of liabilities should be prepared monthly and reconciled to the book balance to ensure records are in balance and sufficient funds are available for payment of all liabilities. Any differences between monthly lists of liabilities and reconciliations should be investigated and resolved.

4.3 Tracking procedures

The Prosecuting Attorney does not adequately monitor the collection of court-ordered restitution and does not account for and monitor the disposition of all bad checks submitted to the office. In addition, information recorded in the computerized accounting system is not always accurate and reliable.

Office personnel do not utilize the computerized court-ordered restitution accounting system. This system could be used to record court-ordered restitution receipts and disbursements, track amounts due, and notify clerks when payments are due or a defendant's probationary period is nearing completion. Defendant's manual case files do not clearly document the amount of restitution ordered or the balance due. In addition, the clerks entered "test" information into the computerized accounting system that was not deleted.

Office personnel do not fully utilize either of the two computerized bad check accounting systems. One system is not utilized at all and one system is only used to generate letters notifying the bad check writers they have 10 days to pay before charges are filed. Manual logs maintained to track bad check complaint forms submitted by merchants when bad checks are turned over to the Prosecuting Attorney for collection do not allow for compilation of amounts collected by date and therefore, amounts due cannot be readily determined; however, these computerized bad-check accounting systems would track the collection and disposition of each bad check complaint. Further, we noted some information recorded in one of the bad check accounting systems was related to a court-ordered restitution case, and therefore, was recorded in the incorrect system.



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Adequate procedures for recording and tracking court-ordered restitution and bad-check complaints received and processed is necessary to ensure collection and disposition of each bad check, facilitate monitoring amounts due, provide information to the court, and improve accountability.

4.4 Outstanding checks

The Bad Check Clerk has not established procedures to routinely follow up on outstanding checks. As of December 31, 2012, 46 checks totaling \$1,226 had been outstanding for over a year with 4 checks dating back to 2003. Procedures to routinely follow up on outstanding checks are necessary to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law.

Similar conditions previously reported

Similar conditions to sections 4.2 and 4.4 were noted in our two prior audit reports.

Recommendations

The Prosecuting Attorney:

- 4.1 Adequately segregate accounting duties or ensure an independent or supervisory review of accounting records is performed and documented.
- 4.2 Prepare a list of liabilities and reconcile the list to the available cash balance monthly for the bad check bank account. Any differences should be investigated and resolved.
- 4.3 Develop procedures and records to adequately record and track court-ordered restitution and the receipt and disposition of all bad check complaints.
- 4.4 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the amount should be disbursed in accordance with state law.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

- 4.1 *I already have implemented and currently have the Office Manager review all accounting records for the Prosecutor's Office and I will continue to ensure that the Office Manager will review and sign and date when she approves all accounting records.*
- 4.2 *I have already implemented the monthly procedure for the Bad Check Clerk to do upon receipt of the bank statement, she is to match all transactions with the bad check account ledger, and then prepare a monthly list of any outstanding liabilities for the month. The Office Manager reviews all statements to ensure that there are*



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no errors and then she will sign and date each document that she has reviewed and approved.

4.3 *I am in the process of changing our bad check program. We currently use the program called Bounce Back bad check and restitution collection program and we will begin to utilize the Karpel Solutions Program instead. When this change is completed then all cases will be entered into the Karpel program along with any restitution to be collected and all monies paid to victims by our office for all cases. We began utilizing Karpel for restitution payments for criminal cases on June 1, 2014. This does not include the Bad Check cases and Child Support Enforcement Restitution Cases. I am in the process of getting the Karpel program prepared to handle all cases received. When the program issues are fixed, we will begin documenting all cases received in this office into one program (Karpel Program) so that we can monitor all cases for collection of restitution and the reimbursement of payments to victims through one program (Karpel) instead of two.*

4.4 *We previously implemented the procedure for the Bad Check Clerk to do each month after balancing the bank statements. First, she makes a list of outstanding checks. Then each month she will monitor the outstanding check ledger and add or remove checks that have or have not been cashed by the victim and she will maintain a list to see if any of the outstanding checks have been cleared by the bank each month. If we have not received the check or money order back in the mail we will attempt to contact the victims that received the restitution payment to determine why they have not cashed the check or money order. If we are unable to locate the victim who hasn't cashed the check we will contact the bank to put a stop payment on the check(s) and then that money will be forwarded to the County Collector-Treasurer to dispose of at the end of each year. If we receive the check or money order back by mail with no forwarding address, and we are unable to locate the victim, we will void that check and issue a check for the same amount to the County Collector-Treasurer for disposal of the monies. We will prepare a check to the County Collector-Treasurer for any outstanding checks for the previous year in January of the next year. This process is also reviewed and approved by the Office Manager and she will sign and date the approved transactions.*

5. Sheriff Controls and Procedures

Controls and procedures in the Sheriff's office are in need of improvement. The Sheriff's office collected monies related to civil services fees, mileage, concealed carry weapon (CCW) fees, all-terrain vehicle permits, and other miscellaneous receipts totaling more than \$122,000 during the year ended



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December 31, 2012. The Sheriff's office also collects bonds; however, the total amount collected was not available.

5.1 Segregation of duties

As similarly noted in our prior 3 audit reports, the Sheriff has not adequately segregated accounting duties and has not established adequate supervisory reviews. The Jail Administrator is responsible for receiving, recording, depositing, and disbursing inmate monies collected in the jail, and no supervisory review of the records is completed. The Sheriff's secretary is responsible for receiving, recording, depositing, disbursing or transmitting all monies collected in the Sheriff's office (civil fees), or transmitted from the jail, including CCW fees and bonds. The Lieutenant does not document his review of monthly bank reconciliations completed by the Sheriff's secretary, and no periodic review or comparison of receipt and deposit records is completed.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, the Sheriff should implement and document an independent or supervisory review of accounting records.

5.2 Bank reconciliations

The Jail Administrator had not performed a bank reconciliation for the commissary account since October 2010. At our request, the Jail Administrator performed bank reconciliations for the months of November 2010 through October 2013. The October 2013 reconciliation identified 397 checks totaling \$1,138 that had been outstanding for more than one year. Twenty-three of these checks dated back to 2009. The Jail Administrator printed a report of detainee balances as of October 31, 2013, showing \$898 held as liabilities; however, the reconciled cash balance at the same date was only \$779, resulting in a \$119 shortage.

To ensure records are in balance and sufficient funds are available for payment of all liabilities, bank reconciliations should be prepared monthly and the balance compared to identified liabilities. Any differences should be promptly investigated and resolved. Procedures to routinely follow up on outstanding checks are necessary to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law.

5.3 Seized property

The Sheriff has not established adequate controls over seized property. Upon taking office on January 1, 2013, the Sheriff completed an inventory listing of all seized property that included over 440 containers and items. The Sheriff did not establish procedures for updating the listing as items were added or removed from the seized property storage area. Also, several items in the seized property storage area have been held since 2003, and the Sheriff should determine if disposal is appropriate and obtain the necessary approvals from the Prosecuting Attorney and/or the court.



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Considering the often sensitive nature of seized property, adequate internal controls are essential to reduce the risk of loss, theft, or misuse of the items. Accurate and complete inventory records of all seized property items are necessary to ensure all items are accounted for properly. Section 542.301, RSMo, provides guidance for the disposition of unclaimed seized property.

Recommendations

The Sheriff:

- 5.1 Adequately segregate accounting duties or ensure an independent or supervisory review of accounting records is performed and documented.
- 5.2 Prepare monthly bank reconciliations and list of liabilities and reconcile the list to the book balance monthly for the commissary bank account. Any differences should be investigated and resolved. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the amount should be disbursed in accordance with state law.
- 5.3 Maintain complete and accurate seized property inventory records and make timely and appropriate dispositions of seized property.

Auditee's Response

The Sheriff provided the following written responses:

- 5.1 *The Sheriff's office believes that duties are properly segregated, and this is the preferred method to ensure accuracy at this time, with the resources that are available. Since the audit, the Sheriff has implemented supervisory review by the Lieutenant and Sheriff of the monthly bank statements and reconciliations (which are initialed) and the monthly receipts and disbursement of fees to the Texas County Collector-Treasurer.*
- 5.2 *Regarding commissary, bank reconciliations and lists of liabilities are prepared monthly and turned into the Sheriff for review. Any differences are investigated and resolved. We are in the process of reissuing old outstanding checks or turning amounts over to the County Collector-Treasurer as unclaimed fees. Most monies are now disbursed to the payee upon release from the Texas County jail.*
- 5.3 *Upon taking office, the Sheriff completed an inventory of seized evidence/property room and has also created a log which details the date logged in, case number, quantity, rack and shelf location, release date, and miscellaneous section for additional information as needed. Since taking office numerous requests were sent to the*



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Prosecutor's Office of which many were returned to release or destroy evidence, which has been completed.

6. Minutes and County Procedures

6.1 Commission minutes

Improvement is needed with regard to County Commission minutes and county procedures.

The County Commission and County Clerk procedures related to the documentation and approval of County Commission meeting minutes are not adequate and do not always comply with the Sunshine Law.

- The County Commission did not approve 8 of 49 open meeting minutes during the year ended December 31, 2012. The County Commission and the County Clerk do not always agree on the accuracy of the minutes and do not resolve their differences. As a result, the value of the minutes, which are the only official record of actions taken by the County Commission, is diminished.
- Neither the County Commission nor the County Clerk ensures procedures related to closed meetings are documented in compliance with the Sunshine Law. Topics discussed in closed meetings, including litigation and personnel matters, were not always cited in open meetings and roll call votes to enter the closed meeting were not always documented in open meeting minutes. We identified these issues for 7 of 9 closed meetings held during the year ended December 31, 2012.

The County Commission minutes are the only record of the discussions held and decisions made by the County Commission and should be complete, accurate, and properly approved. In addition, the Sunshine Law, Chapter 610, RSMo, requires minutes to include the reason for the closed meeting be voted on in an open meeting. In addition, this law provides the County Commission shall not discuss any other business in a closed meeting that does not directly relate to the specific reason announced and documented to justify the closed meeting.

6.2 Professional services

The county did not solicit requests for proposals or enter into written agreements for several professional service purchases including property and liability insurance through an insurance brokerage service (\$69,392), information technology services (\$26,229), and jail medical services (\$14,853) during the year ended December 31, 2012.

Soliciting proposals for services is a good business practice, helps provide a range of possible choices, and allows the county to make better-informed decisions to ensure necessary services are obtained from the best qualified provider after taking expertise, experience, and cost into consideration. Written contracts are necessary to ensure all parties are aware of their duties



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and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions be in writing.

6.3 Computer controls

Various county officials have not established adequate password controls to reduce the risk of unauthorized access to computer systems and data. Passwords are required to authenticate access to computer systems.

The County Clerk, Prosecuting Attorney, County Assessor, and Sheriff do not require employees to change passwords periodically, and employees in the County Clerk and County Assessor offices share passwords within their office. In addition, the Recorder of Deeds failed to promptly delete user access for an employee who resigned in August 2013.

The security of a password system is dependent upon keeping passwords confidential. Since some passwords do not have to be periodically changed and some users access was not promptly deleted, there is less assurance passwords are effectively limiting access to computer systems and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential and changed periodically to reduce the risk of unauthorized access to and use of systems and data.

6.4 1099-MISC forms

The county has not established procedures to ensure 1099-MISC forms are prepared and filed as required. During the year ended December 31, 2012, the county paid a special prosecuting attorney \$11,897, a security system salesman/installer \$4,000, a handyman \$1,356, and a law firm \$709 without issuing 1099-MISC forms to any of these identified vendors.

Sections 6041 to 6050 of the Internal Revenue Code require non-wage payments of at least \$600 in one year to an individual or to an attorney for legal services be reported to the federal government on 1099-MISC forms. To ensure compliance with IRS requirements, the county should establish procedures to ensure 1099-MISC forms are issued in all applicable instances.

Recommendations

The County Commission:

- 6.1 Work with the County Clerk to ensure minutes are accurate and approved by the appropriate parties and properly cite reasons for and roll call votes approving closed meetings.
- 6.2 Periodically solicit proposals for professional services, and enter into written agreements as required by law.
- 6.3 Require unique passwords for each employee that are confidential and periodically changed and promptly delete user access following



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termination of employment to prevent unauthorized access to computer systems and data.

- 6.4 Ensure non-wage payments and payments to attorneys are reported on 1099-MISC forms.

Auditee's Response

The County Commission provided the following written responses.

- 6.1 *The County Commission requested that some minutes be changed to reflect what actually happened in our meeting before we would approve them, we kept waiting for a corrected copy but we never saw some.*

In the future if requested corrections are not made, the County Commission will make the corrections, then approve those minutes and instruct the County Clerk to record our approved minutes.

We have always had a roll call vote to go into a closed meeting in our open meetings and the reason was stated why we are going into a closed meeting at that time. It is unfortunate these votes were not correctly recorded in the open meeting minutes.

In the future the County Commission will make sure these votes and the reason for going into a closed meeting are included in the open meeting minutes.

- 6.2 *The County Commission was unaware it needed to solicit bids for the insurance broker since this is for an agent of record to allow the broker to solicit costs for insurance coverage from different insurance companies.*

The County Commission believes some of the amount paid to the information technology service was for the purchase of computers and software which we did compare prices of companies before buying from this company. Some of this company's technology service was performed because of an emergency situation on January 1, 2012, due to the newly elected Recorder of Deeds being locked out of all computers in her office.

The County Commission believes at the time these jail medical services were provided there was only one doctor in this area willing to provide these services.

In the future, the County Commission will improve its attempts to solicit bids and will enter into written agreements as required.



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6.3 *Although the county employees have been instructed to randomly change their passwords, the County Commission will remind them and also warn the elected officials of the importance of removing passwords of any employee that is no longer employed with the county.*

6.4 *The County Commission does not see any W-2 or 1099-MISC forms, these forms are produced by the County Clerk's office. The County Commission was unaware of the \$4,000 for a camera system, \$1,356 for a handy man or the \$709 to a law firm. This was due to the County Collector-Treasurer paying these through a separate bank account not authorized by the County Commission and did not go through the county's accounts payable. These items were paid from the separate bank account established by the County Collector-Treasurer unbeknownst to the County Commission.*

In the future the County Commission will request the County Clerk at the end of each year to give the County Commission a list of names of non-wage payments and payments to attorneys of \$600 or more and that his office send each of them a 1099-MISC form.

The County Clerk provided the following written responses.

6.1 *The County Clerk has fully complied with Section 51.120, RSMo, for the past thirty-five years and will continue to comply with state law. Discussions had by County Commissioners outside of the official meeting dates of the commission and outside of the official meeting location are not the responsibility of the County Clerk. The County Clerk disagrees with the audit report statement that the Commission meeting minutes are not adequate. The County Clerk disagrees with the audit report statement that the official record of actions taken by the County Commission are diminished. The County Clerk disagrees with the audit report statement that procedures related to closed meetings are not in compliance.*

6.2 *The County Clerk disagrees with the audit report statement that the County did not solicit request for proposals. The County Clerk believes the county acted in the best interest of its citizens for certain professional services.*

6.3 *The County Clerk agrees that elected officials and department heads should continue to work to see that county records and information are secure at all times.*



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6.4 *The County Clerk's office will do its part to follow established procedures to ensure 1099-MISC forms are prepared and filed as required.*

Auditor's Comment

6.1-6.2 The County Clerk provided no documentation to dispute the facts presented or to demonstrate that minutes complied with the Sunshine Law and bidding requirements were met.

**7. County Assessor
Receipts**

The County Assessor does not always issue receipt slips for monies received, record all receipts on a log when received, or account for the numerical sequence of receipt slips issued. The County Assessor writes a receipt slip if requested and documents cash receipts on a log. At the end of the month, the County Assessor records checks processed on the log and prepares a transmittal for the County Collector-Treasurer for monies transmitted. The County Assessor does not have a procedure to account for the numerical sequence of receipt slips and since all monies are not recorded on the log at the time of receipt, there is no way to ensure all monies received are properly recorded and transmitted to the County Collector-Treasurer. During the year ended December 31, 2012, the County Assessor collected and turned over to the County Collector-Treasurer approximately \$8,300.

To adequately account for receipts and reduce the risk of loss, theft, or misuse of funds, official prenumbered receipt slips should be issued for all monies immediately upon receipt, receipts should be recorded on the log when received, and the numerical sequence of those receipt slips accounted for.

Recommendation

The County Assessor ensure prenumbered receipt slips are issued for all monies received, record all receipts on the log when received, and account for the numerical sequence of receipt slips.

Auditee's Response

The County Assessor provided the following written response:

We have implemented this recommendation. We now issue prenumbered receipt slips and record monies on the log when received. We account for the sequence of receipt slips each month when preparing our monthly transmittal.

**8. Wri-Tex 911
Operations Fund**

The Wri-Tex 911 Executive Board (Board) has not developed a plan to address the declining financial condition of the Wri-Tex 911 Operations Fund. Texas County collects an administrative fee from this fund that is not authorized by the intergovernmental cooperative agreement.

8.1 Financial condition

The Board has not developed a plan to address the declining financial condition of the Wri-Tex 911 Operations Fund. The County Commissioners



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of Texas and Wright Counties serve as the members of the Board. In 1992, Texas and Wright counties entered into an intergovernmental cooperative agreement to establish the Wri-Tex 911 Emergency Telephone System and Board. This service is funded by a tax levied under Section 190.305, RSMo, which allows up to 15 percent of the tariff local service rate or 75 cents per access line per month, whichever is greater, to be charged on all land telephone lines within the geographical confines of the counties.

The following table reflects the cash balances, receipts and disbursements for the Wri-Tex 911 Operations Fund.

	2014 Budget	2013 Actual	2012 Actual	2011 Actual
Cash Balance, January 1	\$ 50,912	83,833	157,062	198,739
Telephone tax	335,500	348,516	360,393	360,507
Other receipts	2,500	18,377	6,469	8,686
Disbursements	(360,302)	(399,814)	(440,091)	(410,870)
Cash Balance, December 31	\$ 28,610	50,912	83,833	157,062

Disbursements made between 2010 and 2013 have exceeded telephone tax receipts by more than \$50,000 annually. In addition, telephone tax receipts show a slow, but steady, decline over the years presented above. The Board needs to develop a plan to reduce costs or increase receipts to improve the financial condition of the Wri-Tex 911 Operations Fund. By not considering alternative revenue sources and properly managing costs by reducing unnecessary disbursements, this trend will likely continue.

8.2 Administrative fees

Texas County did not have the authority to transfer administrative fees of approximately \$20,000 annually from the Wri-Tex 911 Operations Fund to the Texas County General Revenue Fund. Under the intergovernmental cooperative agreement between Texas and Wright counties, Texas County provides administrative services for the 911 operation. However, the cooperative agreement does not specifically authorize a fee for the administrative services. The Texas County Clerk indicated Section 50.515, RSMo, allowed the county to impose an administrative service fee on this fund; however, this statute does not provide for an administrative service fee from this revenue source. In addition, while actual expenses incurred by Texas County for administration would constitute a reasonable use of these monies, Texas County has not determined the actual cost of providing those services. Due to the financial condition of the Wri-Tex Operations Fund, it is imperative the Board ensure transfers are authorized and appropriate.



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Recommendations

The Wri-Tex Executive Board:

- 8.1 Develop plans to adequately fund operations and monitor the financial condition of the Wri-Tex 911 Operations Fund.
- 8.2 Require Texas County to determine the actual cost of providing administrative services for 911 operations. In addition, the Wri-Tex Executive Board should include provisions related to reimbursement of administrative costs in the cooperative agreement.

Auditee's Response

The Texas County Commission provided the following written responses:

- 8.1 *The reason for the decrease in Wri-Tex E911 revenue was because people were going to cell phones and dropping their landlines. Commissioners all over the state of Missouri were working with state legislators to find avenues to increase funding for all 911 systems. We had been working for the past 8 years trying to get a bill passed to identify a cell phone as a telephone so we could collect the same fee we collect for land lines. The only other way the Wri-Tex E-911 Board could increase its revenue was to pass a sales tax.*

In April 2014, the voters of Texas County passed a 3/8 cent sales tax to create and fund a Texas County Emergency Service (911) for Texas County. Wri-Tex E-911 will dissolve at the end of 2014 and Wright County will be responsible for its own 911 services.

- 8.2 *The present Wri-Tex E-911 Board was under the understanding that the initial intergovernmental cooperative agreement authorized these administrative fees. In January each year the Wri-Tex E-911 Board votes to approve its budget, which includes a percentage for the administrative fees.*

The Texas County Clerk provided the following written responses:

- 8.1 *Voters of Texas County in April 2014 approved a 3/8 cent sales tax to replace landline fees. Beginning in 2015, Texas County and Wright County will operate their 911 centers separately.*
- 8.2 *Texas County has collected an administrative fee for the past 15 years without a question being raised by auditors. Texas County believes they have a right to collect said fees. This will not be an issue beginning in 2015 as the new Texas County Emergency Service Board will have control and management of the county's 911 operations.*

Texas County

Organization and Statistical Information

Texas County is a township-organized, third-class county. The county seat is Houston.

Texas 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. The townships maintain county roads. 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 61 full-time employees and 15 part-time employees on December 31, 2012.

In addition, county operations include a Senate Bill 40 Board, and a 911 Emergency Board, which operates jointly with Wright County.

Elected Officials

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

Officeholder	2013	2012
Fred W. Stenger, Presiding Commissioner	\$	29,390
John Casey, Associate Commissioner		27,390
Linda Garrett, Associate Commissioner		27,390
Susan Warkentin, Recorder of Deeds		41,500
Donald R. Troutman, County Clerk		41,500
Mike Anderson, Prosecuting Attorney		112,824
Carl Watson, Sheriff		46,000
Thomas Whittaker, County Coroner		14,000
Theresa Campbell, Public Administrator		41,500
Tammy Cantrell, County Collector-Treasurer, year ended March 31,	41,500	
Debbie James, County Assessor, year ended August 31,		41,378
Louie Carmack, County Surveyor (1)		N/A

(1) Compensation on a fee basis.

Financing Arrangements

In 2006, the county contracted with an underwriter to finance the building of a new county justice center and jail. Also included in the project was the remodeling of the current courthouse. The financing arrangement required the underwriter to issue \$15 million in certificates of participation (COPs) and for the county to lease the new facility over the 20-year period the debt would be paid off. The county's lease payments equal the amount of debt principal and interest, and the county will take ownership of the justice



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center when the debt is extinguished, which is scheduled for 2025. The remaining principal balance at December 31, 2012, was \$12,220,000.