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Missouri State Auditor

Webster County

October 2014
Report No. 2014-095



<http://auditor.mo.gov>



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Webster County

Fuel Usage and Monitoring	<p>The county spent over \$700,000 on fuel for vehicles and equipment but does not effectively monitor fuel use. The county terminated an employee in 2009 for stealing county fuel, but did not sufficiently correct the weaknesses, and in 2011 another employee was terminated for stealing \$5,200 in county fuel. County officials did not perform adequate reviews of fuel records and made over \$40,000 in duplicate payments during 2012 and 2013 and paid \$2,225 in late fees during 2012. The fuel card user list included former employees, and the road and bridge department does not reconcile fuel dispensed or fuel purchased with fuel cards to mileage and equipment logs. Sheriff's office employees share PIN numbers, do not always enter vehicle odometer readings into the fuel system, and prepared incomplete manual fuel logs. The Sheriff does not adequately review monthly fuel card billing statements, and does not adequately account for all fuel cards. County officials could not explain why they had not noticed during their reviews of fuel billing statements that the County Clerk's former Administrative Assistant was listed as a purchaser of fuel after his termination. While the County Clerk and County Commission responded they had improved fuel procedures, it is evident by the numerous problems identified during the audit, continued improvement is needed.</p>
County Procedures	<p>Several county officials did not solicit bids for the purchase of new software and equipment during 2012. The county did not always enter into written agreements, and the Emergency Management Director and one Assistant Prosecuting Attorney do not prepare timesheets. The Sheriff purchased jail management software with Sheriff's Revolving Fund monies, which is not in compliance with state law, and did not solicit proposals for its purchase.</p>
Property Tax System Controls and Procedures	<p>County officials still have not implemented adequate controls and procedures over the property tax system despite indicating they would implement the recommendations from our 3 previous audit reports. The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books. Neither the County Commission nor the County Clerk adequately reviews the financial activities of the County Collector. The County Commission and County Clerk do not review and approve property tax additions and abatements, or ensure changes were made to the property tax system.</p>
County Collector Controls and Procedures	<p>As noted in our prior audit reports, the County Collector has not adequately segregated accounting duties and independent or supervisory reviews of accounting records are not performed, and procedures for receipting, recording, and depositing monies need improvement. The County Collector also does not prepare a monthly list of liabilities and compare it to cash balances.</p>

Public Administrator Controls and Procedures	The former Public Administrator did not always timely file annual settlements and inventories of assets and did not timely notify the court of the death of a ward. The former Public Administrator did not retain adequate supporting documentation for some disbursements and has poor controls and procedures for the sale of property. The former Public Administrator did not solicit bids for auctioneer services. The former Public Administrator was negligent in her handling of one ward's funds incurring additional costs related to interest and penalties for not paying bills timely, and failing to timely deposit dividend checks.
Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney has not adequately segregated accounting duties and does not perform an independent or supervisory review. The office needs to improve its procedures for receipting, recording, and transmitting monies and does not generate a monthly list of unpaid bad checks and restitution.
Recorder of Deeds Controls and Procedures	The Recorder of Deeds has not adequately segregated accounting duties and does not perform an independent or supervisory review. The Deputy Clerk does not perform bank reconciliations or maintain a running check register balance, and the Recorder of Deeds does not account for the numerical sequence of transaction numbers assigned by the computerized accounting system.
Sheriff Controls and Procedures	Jailers do not issue receipt slips for bond monies collected for other political subdivisions and do not maintain documentation to support transmittal of bond monies. Bond forms are not prenumbered. The Sheriff's seized property building was disorganized, many items were difficult to locate, and the records need improvement.
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 Webster County

We have audited certain operations of Webster County in fulfillment of our duties under Section 29.230, RSMo. In addition, Davis, Lynn & Moots, P.C., Certified Public Accountants, was engaged to audit the financial statements of Webster 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 Webster County.

An additional report, No. 2014-045, *Webster County Procurement Procedures and County Clerk*, was issued in June 2014.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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Webster County Management Advisory Report State Auditor's Findings

1. Fuel Usage and Monitoring

County officials have not established effective monitoring procedures for vehicle and equipment fuel use, and did not perform effective reviews of fuel billings.

The county maintains bulk fuel tanks at 2 county road and bridge buildings, and also allows employees to use fuel cards and credit cards at local gas stations to purchase fuel for vehicles and equipment. The road and bridge department and Sheriff's office can dispense fuel from the bulk tanks; however, Sheriff's office personnel typically use fuel and credit cards. The county purchased bulk fuel totaling approximately \$454,000 and made fuel card payments totaling approximately \$251,000 during the 2 years ended December 31, 2013. In addition, fuel purchases using various county credit cards are listed on billing statements along with other types of purchases, and we did not determine those fuel amounts.

Similar weaknesses were noted in our prior county audit report (Report No. 2010-27), in which we reported the county terminated a county employee in 2009 who admitted to stealing county fuel, but did not sufficiently correct these weaknesses after the theft occurred. More recently, the County Commission terminated a road and bridge department employee in February 2011, who admitted to stealing an estimated \$5,200 of county fuel. The County Commission required restitution and it was paid in full. However, a review of procedures during this audit shows the County Commission still did not sufficiently correct weaknesses related to monitoring of fuel use and reviewing fuel billings.

In our Report No. 2014-045, *Webster County Procurement Procedures and County Clerk*, we reported improper credit card purchases by the former Administrative Assistant to the County Clerk. We identified the former Administrative Assistant's name listed as a buyer on fuel card statements for periods several months after his termination date. As a result, we expanded our review of fuel procedures to include the period January 2012 through November 2013, and identified the following concerns.

County review and payments The County Clerk and County Commission did not perform adequate reviews of fuel records prior to payments being made. As a result, the county made duplicate payments totaling at least \$10,932 in 2013 and \$29,396 in 2012. The vendor credited the county's account for the overpayments. In addition, the county did not always pay fuel card billings timely, resulting in late fees totaling \$2,225 during the year ended December 31, 2012.

The County Clerk and County Commission do not periodically review the fuel card user list to ensure only authorized users are included. We reviewed the fuel card user list as of November 2013, and identified 8 former county employees still included on the fuel card user list, including the former



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Sheriff's fuel cards and records

Assistant Administrator, who was terminated on July 26, 2013. The former Assistant Administrator had issued himself a fuel card without approval of the County Clerk and County Commission. His job duties did not require him to use a county vehicle or purchase fuel using the county's fuel cards.

The Sheriff's office maintains 23 vehicles, and fuel is obtained from bulk fuel tanks and also purchased using fuel cards and credit cards. We identified various concerns as follows.

- A fuel card (exclusively used to purchase fuel) is assigned to each Sheriff's vehicle and requires entry of a unique PIN number and odometer reading at the time fuel is purchased; however, employees sometimes share PIN numbers. Additionally, Sheriff's office employees do not always accurately enter the vehicle odometer reading and, as a result, fuel card statements do not reflect accurate vehicle mileage. Also, manual fuel logs maintained by the Sheriff's office do not include all fuel purchases from local gas stations and these logs are not reviewed or used to reconcile fuel used to fuel purchased. For example, we noted a fuel card statement showed 4 purchases made on August 11, 2013, while only 2 purchases were recorded on the related fuel log for that day. Some fuel logs could not be located at the time of our review.
- The Sheriff does not adequately review monthly fuel card billing statements. For example, the County Clerk's former Administrative Assistant was listed as a purchaser of fuel on billing statements for the Sheriff's office for September and October 2013 after his termination in July 2013. The Sheriff had documented his review and approval of these statements. We brought these discrepancies to the attention of the Sheriff, County Clerk, and County Commission in November 2013, and none of them could explain why the former Administrative Assistant's name was listed as a fuel purchaser on the fuel card statements and had not noticed this during their reviews. Additional review determined these fuel purchases were proper and the discrepancies were caused by the use of a badge number instead of an employee number as the PIN number in the fueling system. While these purchases were explained, some other purchases noted on the fuel card statements appear questionable. For example, according to a fuel card statement, on November 30, 2012, an officer purchased 13 gallons of fuel and 1 minute later the same officer purchased an additional 14 gallons. However, the officer's manual fuel log showed only 1 fuel purchase on that day.
- The Sheriff's office does not adequately account for all fuel cards. The Sheriff assigned the responsibility of tracking fuel cards to the Chief Deputy. At our request, the Chief Deputy identified each fuel card on hand and the cards assigned to specific vehicles. The fuel card online



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system showed 31 fuel cards assigned to the Sheriff's office; however, the Chief Deputy could only account for 17 of those cards. Two of the 14 unaccounted for fuel cards were assigned to vehicles that had been sold. In addition, the Sheriff has not adequately evaluated the number of fuel cards needed for his office. Of the 31 fuel cards, 12 had no activity in 2013 (9 of which are among the 14 unaccounted for cards).

Road and bridge mileage and fuel records

The road and bridge department maintains 48 vehicles and motorized pieces of equipment. The county uses a computerized fuel control system to dispense fuel from the bulk tanks. Reports of fuel dispensed from the bulk fuel tanks are not reconciled to fuel purchases or to mileage and equipment logs maintained.

In addition, 17 fuel cards are used by 29 road and bridge department employees to complete work related to a grant project being administered by the City of Springfield. These fuel cards are used to purchase fuel at local gas stations. Fuel card purchases are not reconciled to mileage and equipment logs maintained by the road and bridge department. The county is subsequently reimbursed for fuel costs by the city.

Conclusion

Procedures for maintaining and reviewing fuel usage logs, reconciling this information to purchases and related records, and a careful review of fuel and credit card billings to individual receipts are necessary to ensure vehicles and equipment are properly utilized, and payments for fuel billings are appropriate. Also, such procedures decrease the risk of theft or misuse of fuel occurring without detection. Logs should provide sufficient details to enable the county to effectively monitor vehicle and equipment fuel costs. In addition, periodic reviews of fuel card users are necessary to ensure fuel purchases are only made by authorized county employees.

Recommendation

The County Commission and County Clerk should work with the road and bridge department and Sheriff's office to establish adequate procedures and records to effectively monitor fuel use for completeness and reasonableness. In addition, fuel use should be reconciled to fuel purchases, and any significant discrepancies should be investigated. Also, the County Commission and County Clerk should implement procedures to ensure bills are paid accurately and timely to avoid late fees, and periodically review the fuel card user list to ensure only authorized users are included.

Auditee's Response

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

The narrative above contains a number of criticisms: a) that the county did not take effective action after previous thefts of fuel; b) that not deactivating PIN numbers of former employees immediately is a serious security issue; c) that in prior years, invoices were either paid late or paid



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twice; and d) that the County Clerk and County Commission should ensure other departments reconcile their fuel logs to fuel invoices.

We disagree on the first two points. We have gone to great lengths to improve our procedures for the purchase of fuel, and for its proper use. In fact, the new fuel system was already underway in late 2010, but was not yet complete at the time of the employee theft in February 2011. Currently, each fuel station is under constant video surveillance. Also, the system requires both a fuel card (tied to a specific county vehicle) and a unique employee PIN number for access (the existence of one without the other is of no consequence). And we are continuing to make improvements. The issue of incorrect/late payment of fuel invoices was tied to one employee, who actively worked to defeat and/or circumvent existing policies and procedures. That employee was fired, and we are currently pressing felony charges. Policy and procedures are now being followed, and have also been refined.

As for the last point, we concede that we should place more responsibility on the Sheriff's office and the road and bridge department to encourage them to review lists of PIN numbers and reconcile fuel logs to fuel purchases.

Auditor's Comment

The County Commission and County Clerk did not disagree with the factual accuracy of the details contained in the finding. Due to the numerous problems identified during our review, it is clear continued improvement is needed.

2. County Procedures

Procedures relating to procurement, written agreements, and timesheets need improvement.

2.1 Procurement procedures

Several county officials did not solicit bids for the purchase of new software and equipment during 2012.

The County Assessor did not solicit bids for a new property tax system (real and personal property assessment, internet filing, imaging, and photo and sketching modules). The County Assessor implemented this property tax system in January 2012, and the county has paid this vendor \$52,575 during 2012 through 2014, and plans to pay the vendor another \$10,315 in 2015 for a total of \$62,890 for the system. In addition, in March 2012, the County Assessor purchased new equipment (3 printers and 7 monitors) totaling \$8,411 without soliciting bids. These purchases were paid out of the Assessment Fund.

The County Collector did not solicit bids for a new property tax system (tax billing and collection modules). The County Collector implemented the



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property tax system in June 2012, and the county has paid this vendor \$34,940 during 2012 through 2014, and plans to pay the vendor another \$5,980 in 2015 for a total of \$40,920 for the system. In addition, the County Collector did not solicit bids for the purchase of digital check processing software and a check scanner totaling \$12,175 in March 2012. These purchases were paid out of the County Collector's Tax Maintenance bank account.

Section 50.660, RSMo, provides bidding requirements. Routine use of a competitive procurement process for major purchases ensures the county has made every effort to receive the best and lowest prices and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, the selection process, and criteria should be retained to demonstrate compliance with applicable laws or regulations and support decisions made.

2.2 Written agreements

The county did not always enter into written agreements.

- The County Commission did not obtain written agreements for the distribution of county aid road trust (CART) monies and capital improvement sales tax (CIST) monies to the Seymour Special Road District. During the year ended December 31, 2012, the county distributed approximately \$127,000 of CART monies and \$184,000 of CIST monies to the special road district based on the district's share of miles within the county.
- The Sheriff has not entered into written agreements with surrounding counties and cities for the boarding of prisoners. Such agreements should detail housing rate to be paid, the services to be provided, or any required notification for emergency or non-routine situations.

Section 432.070, RSMo, requires all agreements of political subdivisions to be writing. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

2.3 Sheriff's jail management software

The Sheriff paid for jail management software costing \$22,187 during the year ended December 31, 2012, from the Sheriff's Revolving Fund, which is not in compliance with the uses allowed by state law. The Sheriff's office uses the jail management software to process officer reports and inmate records and does not use the software to process concealed carry endorsements. In addition, the Sheriff did not solicit proposals for the purchase of the jail management software, and did not enter into a written agreement with the software vendor.

Per Section 50.535, RSMo, Sheriff's Revolving Fund monies are to be used for the purchase of equipment, to provide training, and to make necessary



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expenditures to process applications for concealed carry endorsements or renewals, including but not limited to the purchase of equipment, training, fingerprinting and background checks, and employment of additional personnel. In addition, as cited in sections 2.1. and 2.2, Section 50.660, RSMo, provides bidding requirements and Section 432.070, RSMo, requires all agreements of political subdivisions to be writing.

2.4 Timesheets

The Emergency Management Director and 1 of 2 assistant prosecuting attorneys do not prepare timesheets. Both are full-time salaried employees and are not required to submit documentation of hours worked and/or tasks performed. According to the County Clerk's Administrative Assistant, the Assistant Prosecuting Attorney's annual salary is \$30,000 regardless of the number of hours worked and the Emergency Management Director's annual salary is \$31,288 based upon 40 work hours per week.

Timesheets are necessary to document and monitor hours actually worked to substantiate payroll disbursements and to ensure compliance with the Fair Labor Standards Act of 1938 (FLSA) requirements. Additionally, the county personnel manual requires the county to keep accurate time records for every employee.

Similar conditions previously reported Recommendations

Conditions similar to points 2.1, 2.2, and 2.4 were noted in our prior audit report.

- 2.1 The County Assessor and County Collector perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
- 2.2 The County Commission and Sheriff enter into written agreements with other political subdivisions as appropriate, and ensure the agreements are signed by all parties and specify the services to be rendered and the manner and amount of compensation to be paid.
- 2.3 The Sheriff ensure all disbursements from the Sheriff's Revolving Fund are allowable by law, reimburse the Sheriff's Revolving Fund from other funds, and perform a competitive procurement process as required. The Sheriff should also ensure written agreements are entered into as appropriate.
- 2.4 The County Commission and Prosecuting Attorney require all employees to submit timesheets.

Auditee's Response

The County Assessor provided the following written response:

- 2.1 *I did not solicit a bid since we have used the same software provider since 1997. I went to a quicker and time saving cost system. Using a*



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different software vendor and cost system would take time, over 2 years to implement a new cost system for personal and real estate. It would be costly and time consuming to change. I was able to cut 2 employees by upgrading and using the current provider. However, in the future I will follow the recommendation.

The County Collector provided the following written response:

- 2.1 *The software and equipment upgrade was with our existing software provider and was mandatory to stay in compliance with the state Department of Revenue, Division of Motor Vehicle and Driver Licensing office. There are only a few state certified software providers in the state, and the one we use is the only one in Southwest Missouri. To change to a new software provider would mean a complete new program and would cost more to set up, it would also require retraining everyone in both the County Collector and County Assessor's office. In the future, I will obtain bids.*

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

- 2.2 *The Seymour Special Road District is an independent body with its own elected Board. The district maintains 15 percent of the roads used by our citizens, and we share 15 percent of our revenue with it. We do not intend to interfere in the district's affairs.*
- 2.4 *The Assistant Prosecuting Attorney does not work for the County Clerk or County Commission. Instructions for record keeping should be directed to the Prosecuting Attorney to whom that individual reports. As for the Emergency Management Director, the County Commission will require documentation of hours worked.*

The Sheriff provided the following written responses:

- 2.2 *I appreciate the finding of this due to its importance, but at one of the Missouri Sheriff's Association meetings it was agreed upon by the Missouri Sheriffs to allow a 3 day pickup time for inmates with out of county warrants at zero charge. We do invoice counties in which we house inmates, just as they invoice us. At that time the Jail Supervisor sent out letters to surrounding counties and cities relating the fees, procedures and services for Webster County to house inmates. However, copies of those letters were boxed and stored away due to our lack of storage space and at this time they cannot be located. We will be sending out new letters with this information and asking for their acknowledging signature.*



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2.3 *I thank you for pointing this issue out because we believed that we were well within compliance allowed by state law due to the fact that the software was agreed upon with the intent that the conceal and carry permits would be entered using this new software. Due to software problems this did not occur. We did not solicit proposals for this software due to the fact that Webster County 911 chose and paid for the software up front. In order to best serve the citizens of Webster County we wanted to streamline and be included in this integrated system. The Webster County Sheriff's office paid Webster County 911 a portion of the fees to be able to be connected to the dispatch center. Information from Webster County 911 was to be entered in the software system for report writing, inmate book-ins, conceal and carry permits, etc. and combine all facets of the Sheriff's office. Webster County 911 has since decided to end the use of this software because of their own reasons. We also had to end the use of that program as well, because of the many software issues and due to the fact the software was not providing the services we needed. I will transfer a portion of the cost of this jail management system from funds available in 2014 and will budget to transfer the remaining portion in 2015 as finances allow to reimburse the Sheriff's Revolving Fund for the purchase. We have since obtained a new software program and have entered into a written agreement with the vendor.*

The Prosecuting Attorney provided the following written response:

2.4 *I will consider implementing this recommendation.*

Auditor's Comment

2.2 As the County Clerk and County Commission response indicates the 15 percent of CIST and CART monies that the county shares with the special road district (a separate political subdivision) are county monies. They, as county officials, have a fiduciary responsibility to ensure the use of these monies is proper and allowable.

2.4 Without timesheets, the County Clerk, County Commission, and Prosecuting Attorney have no assurance the amount paid and time worked is reasonable and appropriate, and cannot ensure compliance with the FLSA.

3. Property Tax System Controls and Procedures

County officials have not implemented adequate controls and procedures over the property tax system. Although some of these problems were noted in our previous 3 audit reports, and the County Clerk and County Commission indicated they would implement the recommendations, little progress has been made. The County Collector was charged with collecting



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approximately \$19 million in property taxes for the year ended February 28, 2013.

3.1 Tax books

The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books prepared by the property tax system vendor. A review of the tax books should include verification of individual entries in the tax books and recalculating tax book totals and charges. Failure to prepare and review the tax books and test individual tax statement computations may result in errors, irregularities, or misuse 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 with the amount of taxes to be collected.

3.2 Review of activity

Neither the County Commission nor the County Clerk adequately review the financial activities of the County Collector. The County Clerk maintains a spreadsheet summarizing property tax collections each month; however, the spreadsheet does not include charges, additions and abatements, protested amounts, and city collections. In addition, the County Clerk and County Commission do not adequately review and approve the County Collector's annual settlement. The County Clerk indicated he discusses the annual settlement with the County Commission; however, there are no procedures in place for the commission's review and approval.

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 accurate account book or other records that summarizes all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records should be used by the County Clerk and County Commission to verify the County Collector's annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

3.3 Additions and abatements

The County Commission and County Clerk do not review and approve property tax additions and abatements. Additions and abatements totaling \$245,656 and \$61,324, respectively, were reported on the County Collector's annual settlement for the year ended February 28, 2013. The County Assessor makes changes to the property tax system for additions and abatements, and manual court orders or other records are not prepared and compared to actual changes made to the property tax system. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly monitored and errors or irregularities could go undetected.



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Sections 137.260 and 137.270, RSMo, assigns responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. If it is not feasible for the County Clerk to make corrections to the tax books, an independent reconciliation of approved additions and abatements to actual changes made to the property tax system would help to ensure changes are proper.

Similar conditions
previously reported

Conditions similar to points 3.2 and 3.3 were noted in our prior audit report.

Recommendations

- 3.1 The County Clerk prepare the current and delinquent tax books, or verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.
- 3.2 The County Clerk maintain an accurate and complete account book with the County Collector. In addition, the County Clerk and the County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.
- 3.3 The County Commission and County Clerk review and approve additions and abatements and compare court orders or other supporting records to actual changes made to the property tax system.

Auditee's Response

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

3.1-3.3 Statutory language stating that the County Clerk prepares tax books is antiquated and completely out of phase with current practice, not only in Webster County, but statewide. Tax books are prepared by the County Assessor and County Collector on a common computerized database. Likewise, additions and abatements are now the purview of the County Assessor and County Collector. Their work is reviewed by the State Tax Commission and the State Auditor's office on a periodic basis. Neither the County Clerk nor the County Commission are involved in this process in any meaningful way. The statutory language should be updated to reflect this new reality.

Auditor's Comment

3.1-3.3 These sections of law establish the required duties of various elected county officials and provide for a segregation of duties or checks and balances in the property tax system area. As stated in the finding, the County Collector is responsible for collecting approximately \$19 million in property taxes for most taxing authorities in the county. Because the County Commission and



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County Clerk charge the County Collector with the amount of taxes to collect, it is imperative they monitor any changes to amounts charged and ensure accountability by the County Collector. Lack of such monitoring can create a situation where theft and manipulation of records can occur without detection. County officials should implement procedures to satisfy the intent of the statutory provisions.

4. County Collector Controls and Procedures

As similarly noted in our prior audit reports, improvement is needed in accounting controls and procedures of the County Collector's office.

4.1 Segregation of duties

The County Collector has not adequately segregated accounting duties and independent or supervisory reviews of accounting records are not performed. The Deputy Collector performs the duties of receiving, recording, depositing, and disbursing property taxes, and reconciles the bank accounts. The County Collector does not perform a documented review of accounting records or a comparison of monies received to those deposited.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential and include comparing daily receipt activity to deposits.

4.2 Receipting, recording, and depositing

Procedures for receipting, recording, and depositing need improvement.

- County Collector's office personnel do not always record the method of payment accurately in the property tax system, and the composition of receipts (cash, check, money order, or credit card) recorded in the property tax system is not reconciled to the composition of deposits.

We identified numerous instances where the composition of receipts in the property tax system differed from the composition of the deposit. We reviewed supporting documentation for selected deposits and determined some differences were due to data entry errors, and some were due to office personnel generally recording an entire transaction as one method of payment (using the method of payment for the largest portion of the payment) even if a payment is made using a combination of cash and check, rather than specifying the individual amounts of cash and check received.



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In addition, overpayments and subsequent refunds are not reflected in the property tax system and on daily collection reports; and the property tax system reduces the total cash amount on the audit journal page (total page) of the daily collection report by the amount of refunds. Since the property tax system reduces the cash amount on the audit journal page for refunds, the total amount received for cash does not agree to the total amount deposited. County Collector's office personnel indicated they do not use the audit journal page totals to reconcile the composition of receipts to the composition of deposits since cash totals on the audit journal page do not agree. The County Collector and Deputy Collector indicated they were aware the composition of receipts collected did not agree to the composition noted on the audit journal page, but did not ensure reasons for the differences were identified or explained.

- Property tax receipts are not always deposited timely. For example, property tax receipts totaling \$169,154 collected on December 17, 2012, were held and not deposited until January 2, 2013. We identified other instances where deposits were not made timely.
- Fees received for issuing duplicate tax receipts are held, not deposited, and are used to make change throughout the year. A cash count in September 2013, identified \$423 on hand from duplicate tax receipts.

Failure to implement adequate receipting and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected. Properly receipting and recording payments, recording method of payment, and intact and timely depositing are necessary to ensure receipts are adequately safeguarded and reduce the risk of loss, theft, or misuse of funds.

4.3 Bank reconciliations and liabilities

The County Collector does not compare the reconciled bank account balances to existing liabilities. At our request, a list of liabilities was prepared for the property tax account as of February 28, 2013, and the list totaled \$626,851. The reconciled cash balance totaled \$628,835, exceeding identified liabilities by \$1,984.

A list of liabilities should be prepared monthly and reconciled to cash balances to ensure sufficient cash is available for the payment of all amounts due and all monies in the bank account can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed.



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Recommendations

The County Collector:

- 4.1 Segregate accounting duties to the extent possible or ensure adequate independent or supervisory review of accounting and bank records are performed and documented.
- 4.2 Record the method of payment accurately, deposit monies intact and timely, and reconcile the composition of receipts to the composition of deposits. The County Collector should also consider working with the tax system programmer to implement changes to the system that will allow overpayments and refunds to be properly recorded in the property tax system.
- 4.3 Reconcile bank balances to a list of liabilities monthly, and ensure any differences are investigated and resolved.

Auditee's Response

The County Collector provided the following written responses:

- 4.1 *For a big part of the year the County Collector's office staff consists of the County Collector and one other person. From January to October duties are segregated pretty well. However, during the busiest time of the year, when we have additional staff (most of whom have little training) it is difficult to segregate office duties because of the extra work load in the office. Part-time employees are not trained to make deposits, balance drawers, etc. The County Collector works full-time at the counter working with taxpayers that come in and the deputy handles bank deposits, problems that arise, working with mortgage companies, etc. I will make an effort to segregate the duties more as well as review the accounting records.*
- 4.2 *Method of payment inaccuracies are sometimes due to entry errors. However, it can also be because taxpayers changes their mind on method of payment. It is not uncommon for taxpayers to say they want to pay with a credit card, then after realizing there is a fee for a credit card to change their mind and pay with cash or check. Or taxpayers may say they want to pay with check and then realize they are out of checks. Once the method of payment is selected there is no way to change it. There is no option in our software program to show a refund, however we do keep a separate spreadsheet that details all refunds, who the refund was to, how much it was and the date it was refunded. I will work with our programmer to implement changes to our tax system to enable us to show refunds on this software program. I will reconcile cash, check, and charge receipts and deposit money daily.*



4.3 *The County Collector's office has four separate bank accounts at one bank and an additional three accounts with another bank in different cities during November and December. All but one of the accounts is reconciled monthly. I will reconcile these accounts to a list of liabilities monthly, and will investigate any differences.*

5. Public Administrator Controls and Procedures

We identified several problems with the controls and procedures of the former Public Administrator. The Public Administrator is an elected official appointed by the Associate Circuit Judge sitting in the Associate Circuit Court, Probate Division to serve as guardian of persons or conservator or personal representative of estates. During the time of the audit, the Public Administrator was responsible for the financial activity of approximately 80 estates.

Unless otherwise specified, references to the 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.

The Public Administrator received numerous summonses from the Associate Circuit Court, Probate Division to file annual settlements and appear in court; however, she did not comply with some of the summonses. As a result, the Associate Circuit Judge also reassigned some of cases handled by the former Public Administrator to the current Public Administrator before the ongoing settlement period was completed. We reviewed the 4 remaining cases still under the supervision of the former Public Administrator and 1 case under the supervision of the current Public Administrator in 2013.

5.1 Annual settlements, inventories of assets, and death notices

Procedures for filing annual settlements, inventories of assets, and death notices are not adequate, and the Associate Circuit Court, Probate Division does not perform sufficient reviews of the activity of cases assigned to the Public Administrator.

- The Public Administrator did not always file annual settlements timely. For each ward, the Public Administrator is required to file an annual settlement with the court that reflects a detailed list of assets held as well as financial activity. We reviewed the annual settlements and final settlements filed for 4 wards, which were due in 2012 and 2013. Two annual settlements and 1 final settlement were filed between 4 to 8 months after the due date (a ward had both an annual and final settlement filed late).



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- The Public Administrator did not always file inventories of assets and notify the court of the death of a ward timely. An inventory of assets for a ward was due in September 2012, and was not filed with the court until June 2013. Also, a ward passed away in November 2012, and the death notice was not filed with the court until June 2013.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file annual settlements with the court for each ward or estate. Timely filing of settlements, inventories of assets, and death notices are necessary for the court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

The Associate Circuit Court, Probate Division does not perform sufficient reviews of the activity of cases assigned to the Public Administrator. The Public Administrator did not provide documentation such as invoices, canceled checks, and all months' bank statements to the Associate Circuit Court, Probate Division when filing annual settlements. As a result, the court's review of the annual settlement and related documentation was limited to the last monthly bank statement (the only bank statement submitted to the court by the Public Administrator).

Without adequate documentation, it is difficult for the court to assess the validity and reasonableness of disbursements made by the Public Administrator. Consideration should be given to requiring filing of such supporting documentation with the court. Failure to adequately review and monitor the activity of cases assigned to the Public Administrator by the Associate Circuit Court, Probate Division increases the risk that errors or misuse of funds could go undetected.

5.2 Supporting documentation

The Public Administrator did not retain adequate supporting documentation in the case files for some disbursements. Supporting documentation for 3 cashier's checks totaling \$2,296 only included the debit memo on the bank statement and copies of the cashier's checks. We obtained documentation for these disbursements, and \$1,476 was for room and board, \$750 was for a burial plan, and \$70 was for personal spending monies of the ward; all of which were reasonable and necessary expenses.

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

5.3 Sale of property

Improvements are needed regarding the sale of property by the Public Administrator. The Public Administrator did not solicit bids for auctioneer services for the sale of real estate and personal property in August 2013 for 2 wards, and the commission percentage charged by the auctioneer on the sale of the real estate exceeded that of other auctioneers in the county and surrounding area.



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The auctioneer charged a 10 percent commission on the sale of real estate. We contacted 5 other auctioneers in the county and surrounding area and they indicated they charge a 5 to 6 percent commission on the sale of real estate. The 2 real estate properties were sold for \$125,000 (\$85,000 and \$40,000 each) resulting in commissions to the auctioneer of \$12,500. Had the Public Administrator solicited proposals, a potential cost savings of \$5,000 to \$6,250 may have resulted for the wards.

The Public Administrator did not obtain a formal appraisal prior to the sale of a ward's real estate for \$85,000. In addition, the Public Administrator did not retain supporting documentation for personal items sold at auction for 2 wards, with proceeds totaling \$15,304. Supporting documentation for the auctioned items had to be obtained from the auctioneer.

While professional services may not be subject to standard bidding procedures, soliciting proposals for auctioneer services is a good business practice, helps provide a range of possible choices, and allows the Public Administrator to make a better-informed decision to ensure necessary services are obtained from the best-qualified provider after taking expertise, experiences, and cost into consideration. Good business practice also requires obtaining a formal appraisal to ensure the price obtained for the property is reasonable and represents the fair value of the property. Record retention is necessary to ensure the validity of transactions and provide an audit trail. Section 109.270, RSMo, states all records made or received by officials in the course of their public duties are public property and are not to be disposed of except as provided by law.

5.4 Management of ward funds

The Public Administrator was negligent in her handling of one ward's funds.

- The Public Administrator failed to pay tax liabilities for this ward timely and incurred a substantial amount of interest and penalties. The Public Administrator did not pay 2008 and 2009 income taxes and the related penalties and interest totaling \$5,862 due for a ward until December 2013, even though sufficient funds were available during those years.
- The Public Administrator also did not pay this ward's real estate property taxes (\$1,524) and interest and penalties (\$145) for tax years 2010, 2011, and 2012. As a result, the ward's real estate was placed on the Webster County Collector's 2013 tax sale list. However, the taxes, interest, and penalties were paid in full in March 2013, and the property was not sold at the tax sale.
- The Public Administrator did not adequately monitor the account balances of this ward and the bank's minimum balance requirement of \$1,000, and as a result, service charges totaling \$123 were incurred from December 2010 to June 2013.



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- The Associate Circuit Judge indicated he received numerous complaints that the Public Administrator was not paying this ward's residential facility room and board bills timely in 2011. As a result, in April 2011, the payee on the ward's social security payment was changed from the Public Administrator to the facility.
- The Public Administrator did not always deposit this ward's dividend checks timely. A \$325 dividend check was received in September 2012, but was not deposited until December 2012. Additionally, 2 dividend checks dated in December 2011 and September 2012 totaling \$650 were not included on the annual settlement for the period of November 9, 2011, to November 30, 2012.

The Public Administrator should pay bills timely to avoid unnecessary penalties and interest, protect wards assets, and monitor bank account balances and minimum bank balance requirements to avoid service charges. To ensure all monies received are properly deposited and to reduce the risk of loss, theft, or misuse of funds, the Public Administrator should deposit monies received timely and receipts should be accurately reflected on the annual settlements.

Recommendations

The Public Administrator:

- 5.1 Ensure annual settlements are filed timely. The Associate Circuit Judge should establish procedures to adequately monitor the activity of cases assigned to the Public Administrator, and require supporting documentation such as invoices, canceled checks, and all bank statements be filed with the court.
- 5.2 Ensure adequate supporting documentation is retained.
- 5.3 Obtain formal independent appraisals for real estate sold, ensure adequate supporting documentation is retained for the sale of personal property, and solicit proposals for auctioneer services.
- 5.4 Should pay bills and tax obligations timely, monitor bank account balances and minimum bank account requirements, deposit monies timely, and ensure annual settlements are accurate.

Auditee's Response

The Public Administrator provided the following written responses:

- 5.1 *There are no delinquent annual settlements at this time. I receive written notification via the Probate Clerk approximately 6 weeks before each settlement is due. When filed, settlements include all bank statements and canceled check images. Invoices are available upon request. Please note that the audit refers to my predecessor.*



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- 5.2 *Adequate supporting documentation is currently retained on all transactions. Please note that the audit refers to my predecessor.*
- 5.3 *Formal independent real estate appraisals will be obtained if financially feasible for the estate. In the event that no funds are available, informal appraisals from local real estate professionals will be utilized. Adequate supporting documentation is currently retained for the sale of personal property. By September 30, 2014, I will send a "Request for Qualifications" to each auction company and real estate office in Webster County and retain the returned reports for future use. Please note that the audit refers to my predecessor.*
- 5.4 *Since I took office in January 2013, all bills and tax obligations have been paid in a timely manner, bank account balances and minimum bank account requirements are monitored, money is deposited in a timely manner, and annual settlements are accurate. Please note that the audit refers to my predecessor.*

The Associate Circuit Judge provided the following written response:

- 5.1 *The Associate Circuit Court, Probate Division now requires all bank statements and canceled checks be filed with each settlement, and closely monitors settlements as recommended by the audit report. Invoices will be requested and reviewed for any non-routine disbursements.*

6. Prosecuting Attorney Controls and Procedures

Improvement is needed in the accounting controls and procedures of the Prosecuting Attorney's office. Criminal restitution, delinquent taxes, and bad check restitution and fees collected by the Prosecuting Attorney's office totaled approximately \$213,000 during the year ended December 31, 2012.

6.1 Segregation of duties

As noted in the prior audit report, the Prosecuting Attorney has not established adequate segregation of accounting duties or review and approval procedures.

One clerk primarily performs all duties related to the receiving, recording, and transmitting of bad checks and restitution collected. Neither the Prosecuting Attorney nor other clerks perform documented supervisory or independent reviews of accounting records or comparisons of monies received to those transmitted.

In addition, all personnel in the office have the ability to record adjustments to the computerized accounting system without obtaining independent approval, and adequate documentation of such adjustments is not retained. Common reasons for adjustments recorded in the computerized accounting



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systems include transferring cases from one system to another, writing off uncollectible amounts, or correcting errors.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential. Also, to reduce the risk of loss, theft, or misuse of funds, and ensure the validity of all adjustments, adjustments should be reviewed and approved by a supervisor.

6.2 Receipting, recording, and transmitting

Procedures for receipting, recording, and transmitting monies need improvement. The Prosecuting Attorney's office utilizes 3 separate receipting systems (2 computerized and 1 manual) to track bad check restitution and fees, and court ordered restitution.

Manual receipts

Office personnel issue unofficial manual receipt slips for bad check restitution and fees, court ordered restitution, delinquent tax payments, and child support payments, and we noted various problems with the use of manual receipts. Multiple receipt books are used concurrently for each type of receipt collected in the office, and the numerical sequence of receipt slips is not accounted for properly. In addition, office personnel do not always indicate the method of payment, do not reconcile the composition of payments received to the composition of deposits, and do not always timely post manual receipt slip information to the computerized accounting systems. For example, the details of 2 manual receipt slips issued to defendants on November 8, 2012, were not posted to a computerized accounting system until November 15, 2012. Also, manual receipt slips issued are not reconciled with monies recorded in the computerized accounting system to ensure all monies received are properly recorded and transmitted.

Computerized receipting systems

Clerks in the Prosecuting Attorney's office concurrently used two computerized accounting systems during 2012 and 2013 to receipt monies collected, and a clerk primarily used one system to receipt monies from January to August 2012, and another clerk primarily used the other computerized accounting system to receipt monies from September 2012 through 2013. As a result, neither of the computerized accounting systems provides a complete record of all monies received and processed. In addition, the numerical sequence of computerized receipt numbers is not accounted for properly. Each computerized accounting system assigns a sequential receipt number and generates a receipt slip each time a payment is entered. We identified 12 of 241 receipt numbers issued from one of the computerized accounting systems for the period January 2012 through June 2013 were associated with deleted transactions and not included on collection reports generated by the Prosecuting Attorney's office. Office personnel had not identified these skipped receipts and could not explain



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what occurred with these receipts. Also, for the other computerized accounting system the same sequence of receipt numbers was being used for both restitution and bad check payments. For example, we identified the same receipt number was issued on April 3, 2013, for \$245 for restitution payments and was also issued on June 26, 2013, for \$610 for bad check payments. Receipts are not reconciled to transmittals. The clerk provides a letter to the County Treasurer indicating the date of the receipts along with money orders and receipt slips generated from the computer systems for each receipt; however, the letter does not indicate the amount of the transmittal.

Failure to implement adequate receipting, recording, and transmitting procedures, including comparing receipt records to transmittals, increases the risk of loss, theft, or misuse of monies and likelihood that errors will go undetected. In addition, the use of multiple receipting systems is cumbersome and reduces the assurance that all monies received are accurately recorded and accounted for properly.

6.3 Accounts receivable

The Prosecuting Attorney's office does not generate a monthly list of unpaid bad checks and restitution, and is not proactive in identifying cases with unpaid receivables. Improvement is needed to better monitor and pursue collection of unpaid receivables.

A complete and accurate list of unpaid bad checks and restitution would allow the Prosecuting Attorney's office to more easily review amounts due and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible.

Recommendations

The Prosecuting Attorney:

- 6.1 Segregate duties to the extent possible, implement appropriate review and monitoring procedures, and require someone independent of receiving and recording monies to review and approve all adjustments.
- 6.2 Ensure a complete record of all monies received is maintained and monies are recorded promptly in the accounting systems. In addition, the Prosecuting Attorney should ensure the numerical sequence of receipt numbers are accounted for properly, official prenumbered receipt slips are issued for all receipts and reconciled to the accounting systems, and the composition of receipts is reconciled to the composition of transmittals.
- 6.3 Establish procedures to monitor and collect accounts receivables.



Auditee's Response

The Prosecuting Attorney provided the following written responses:

- 6.1 *I do not have the staff to make the segregations recommended; however, I currently review and monitor the monies received by comparing the written receipt books to the deposits and monies paid out. In addition, for every electronic payment made, I receive an email of that transaction and then compare that to the monies recorded in our internal system to double check the accuracy of my staff member's accounts receivable and payable. In addition, the majority of the responsibility for accepting over-the-counter payments has been given to someone other than the staff member in charge of entering the information into our internal system, which allows for checks and balances when comparisons are made by me between the receipt book and the internal accounting. I currently review and approve all adjustments on monies received and recorded in the Prosecutor's office.*
- 6.2 *Comparisons are now being made between the receipt books and the internal system by me. I have instructed my staff that such transactions must be entered immediately upon receipt.*
- 6.3 *I will require a monthly list of unpaid bad checks and restitution reports to be prepared and reviewed to identify unpaid receivables and pursue collection.*

7. Recorder of Deeds Controls and Procedures

Improvement is needed in the accounting controls and procedures of the Recorder of Deed's office. The Recorder of Deed's office collects various fees for recording documents such as deeds and marriage licenses. During the year ended December 31, 2012, receipts totaled approximately \$290,000.

7.1 Segregation of duties

The Recorder of Deeds has not established adequate segregation of accounting duties or review and approval procedures.

The Deputy Clerk performs all receiving, recording, and depositing duties, and compares the bank balance to end of month reports. Neither the Recorder of Deeds nor the other clerk performed documented supervisory or independent reviews of accounting records or comparisons of monies received to those deposited.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory review of accounting and bank records is essential.



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7.2 Bank reconciliations

The Deputy Clerk does not perform bank reconciliations or maintain a running check register balance. The Deputy Clerk only compares the bank balance to end of the month reports. According to the Recorder of Deeds, all fees collected during the month are distributed each month and the reconciled bank and book balance at each month end should always be zero; however, we identified a small difference between the reconciled bank balance and book balance as of December 31, 2012.

The preparation and review of monthly bank reconciliations is necessary to ensure accounting records are in balance and to identify errors timely. Regular identification and comparison of liabilities to the reconciled cash balance, is necessary to ensure records are in balance and monies are available to satisfy all liabilities. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed.

7.3 Computer system controls

The Recorder of Deeds does not account for the numerical sequence of transaction numbers assigned by the computerized accounting system. According to the Deputy Clerk, if a customer does not want a receipt slip, she turns the printer off to ensure a receipt slip is not printed. Once the transaction is processed, the Deputy Clerk turns the printer back on and opens a new transaction to ensure the computerized accounting system is in sync with the printer, and then deletes that transaction number from the computerized accounting system. During October 1 through December 31, 2012, 2,052 transaction numbers were issued and 169 (8 percent) transactions were deleted and not accounted for. The software vendor verified these transactions were deleted from the computerized accounting system.

To ensure monies received are properly recorded and deposited, and reduce the risk of loss, theft, or misuse of funds, the Recorder of Deeds should ensure adequate controls are in place to properly account for the numerical sequence of transactions numbers.

Similar conditions previously reported

Similar conditions to sections 7.1 and 7.2 were noted in our prior audit report.

Recommendations

The Recorder of Deeds:

- 7.1 Segregate accounting duties to the extent possible or ensure adequate independent or supervisory review of accounting and bank records are performed and documented.
- 7.2 Prepare monthly bank reconciliations, maintain running balances in the check register, and reconcile bank balances to liabilities



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monthly. Any differences between accounting records and reconciliations should be investigated and resolved.

- 7.3 Ensure adequate controls are in place to allow for proper accountability of all transactions numbers.

Auditee's Response

The Recorder of Deeds provided the following written responses:

- 7.1 *Some days we don't have two people in the office. I will document my review of the accounting records.*
- 7.2 *Recommended procedures for bank reconciliations, check register balances, and liabilities have been put into place. Any differences in accounting records are taken care of daily.*
- 7.3 *Procedures have been changed and a receipt slip is printed for all transactions so all receipt numbers match the transacted amount of receipts. We were just trying to save taxpayer money. Receipt paper is expensive.*

8. Sheriff Controls and Procedures

Controls and procedures need improvement. The Sheriff's office processed approximately \$225,000 during 2012 in civil and criminal process fees, concealed carry permits, bonds, and other miscellaneous receipts.

8.1 Receipting and transmitting

Receipting and transmitting procedures need improvement. Jailers do not issue receipt slips for bond monies collected for other political subdivisions; documentation is not maintained to support the transmittal of bond monies to the Webster County Circuit Court; and bond forms are not prenumbered.

To ensure all monies received are properly recorded and transmitted, and to reduce the risk of loss, theft, or misuse of funds, adequate receipting and transmitting procedures are needed.

8.2 Seized property

Accurate controls over seized property have not been established. The Sheriff's seized property building was disorganized and many items were difficult to locate.

- Computerized logs of seized property are not accurate and complete. For example, seized cash totaling \$1,560 was included on the computerized logs, but could not be located in the seized property building. The property record for this particular case indicated the cash was returned to the victim on April 19, 2011, but the disposition of these monies was not recorded on the log. Additionally, some seized property is not documented on the computerized logs, and periodic physical inventories of seized property items are not conducted.



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Adequate supporting documentation is not always maintained for the release of seized property. For example, the computerized logs indicated \$800 cash was released to a defendant on March 24, 2011; however, there was no property record signed by the defendant, indicating the cash was released.

- During our review of seized property on June 25, 2013, we observed seized property being stored in 2 unlocked lockers in the Sheriff's office.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. Complete and accurate inventory records should be maintained and periodic physical inventories should be performed and the results compared to inventory records to ensure seized property is accounted for properly.

Recommendations

The Sheriff:

- 8.1 Issue receipt slips for all bond monies collected, ensure the transmittal of bond monies between the Sheriff's office and Circuit Court is documented, and issue prenumbered bond forms.
- 8.2 Ensure a complete and accurate seized cash and property inventory record is maintained and a periodic physical inventory is conducted and reconciled to the records, and investigate any differences.

Auditee's Response

The Sheriff provided the following written responses:

- 8.1 *My office had been, we thought, helping our fellow agencies that mail bonds to us. The Detention officers do not see these bonds as they come in the mail. If the check had been made out to the Webster County Sheriff's office we were endorsing the check and making it "payable to the entity to which it belonged" example "City of Marshfield" as a courtesy to the counties and municipalities. From this point on, if the cash bond is not properly made out to the correct court, we will record it in a pre-numbered receipt book where the check came from, the name of the person that bonded and the amount of the bond. We will also make a copy of the check to attach to the receipt. After that we will mail the check back to the originating agency with a note directing them to the proper agency. As far as the request for pre-numbered bond forms, the computer software in the jail does not allow for pre-numbered bond forms. We had used preprinted bond forms with numbers in the past; however in trying to streamline book-in we started using the forms that were included with the computer software. To correct this we will obtain a pre-numbered bond log. As we issue the pre-printed*



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bond from our computer software we will attach a bond number sticker on the bond form. This bond log will be in numerical order with the bond number, who the bond was for, the Detention officer doing the bond and the bond number sticker.

On the night of August 21, 2014, we unfortunately had an employee steal bond money out of the locked bond box. During our normal routine to check the bond monies, we discovered that \$350 of bond monies was missing. We immediately began to review our video surveillance system where it appeared that one of our employees was involved. We then immediately contacted the Missouri State Highway Patrol to begin the investigation. During the Missouri State Highway Patrol's interview of the employee, the employee confessed and returned what money he had left (\$223). We fired the employee, he was arrested and we also contacted the State Auditor's office to advise audit staff of what was going on. We have since given what money was recovered (\$223) to the Circuit Court and wrote a check from our Sheriff's Fund to cover the difference of \$127. We are expecting to recover the funds from the former employee through criminal restitution via the prosecution process. We do believe that this is an isolated incident however we will continue this investigation to discover if any other monies had possibly been stolen. If any other monies are discovered as stolen we will contact both the Missouri State Highway Patrol and the Missouri State Auditor's office immediately and request that charges be filed.

- 8.2 *In the past 6 years no evidence has ever been lost, stolen, misused nor has it compromised any criminal investigation from the Sheriff's office. The Sheriff's office does realize however, that evidence needs to be totally overhauled, which we are in the beginning stages of. We are currently in the process of moving into a newer, updated, temperature controlled facility. We have begun sorting through all evidence, past and present, and purging what is no longer needed. We will have a better idea of what property we do have. We will also implement a bar coding system, we have already obtained the bar code scanners and printers. All property will be scanned and is automatically entered into our records software. The property will be scanned if it were to be released for court and scanned if we release to the property owner. As we move property from the old evidence building to the new evidence building we will begin bar coding, thus improving our records management.*

We have updated our on-site seized property lockers, which will be locked at all times if they contain evidence. Empty lockers will be unlocked until such evidence needs placement. We now have 11



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lockers (instead of 4 lockers) making it much easier to secure the evidence.

We have created new release forms, which are signed prior to the release of any and all property. The property that is released is listed on that form.

The Sheriff's Office will begin periodic physical inventories of seized property and compare to the computer log of seized property.

If the property seized is cash, we will be speaking to the County Commissioners to open a new checking account for Seized Property. The deputy will copy the cash, secure the cash in the sealed bag and place in the evidence locker. The Chief Evidence Officer will take the unopened bag to the bank to be deposited; when and if the property is to be released to property owner the other evidence officer will write the check for such property. The bank statement for that account will be reconciled by a separate person in the administration office.

Webster County

Organization and Statistical Information

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

Webster County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The county employed 65 full-time employees and 17 part-time employees on December 31, 2012.

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

Elected Officials

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

Officeholder	2013	2012
Paul Ipock, Presiding Commissioner	\$	31,700
Susie Knust, Associate Commissioner		29,700
Denzil Young, Associate Commissioner		29,700
Gary Don Letterman, Recorder of Deeds		45,000
Stanley D. Whitehurst, County Clerk		45,000
Danette L. Padgett, Prosecuting Attorney		113,292
Roye Cole, Sheriff		51,525
Mary P. Clair, County Treasurer		45,000
Michael Taylor, County Coroner		16,000
Donna Hannah, Public Administrator		26,336
David Young, County Collector (1), year ended February 28,	68,630	
Jim Jones, County Assessor, year ended August 31,		45,000
Dennis D. Amsinger, County Surveyor (2)		

(1) Includes \$23,630 of commissions earned for collecting city property taxes.

(2) Compensation on a fee basis.

Financing Arrangements

In August 2012, the county issued \$60,000 in Neighborhood Improvement District Bonds, Series 2012, for the purpose of constructing certain road improvements within Sweetbriar Drive. The bonds bear interest at the rate of 2.99 percent. Principal and interest payments are due annually on March



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Organization and Statistical Information

1 of each year. The remaining principal outstanding at December 31, 2012, was \$49,412. Interest remaining to be paid over the life of the agreement totals \$7,582.