



# Thomas A. Schweich

Missouri State Auditor

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## Lewis County



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November 2014  
Report No. 2014-103

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<http://auditor.mo.gov>



**Thomas A. Schweich**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Lewis County

### Sheriff Controls and Procedures

The Sheriff has not adequately segregated accounting duties for the fee account and does not perform adequate supervisory reviews. The Office Administrator is primarily responsible for accounting duties in the Sheriff's office, and the Sheriff does not document his occasional reviews of accounting records. The Office Administrator does not timely issue receipt slips for some monies received and does not always deposit receipts intact and timely. Deputies and jailers typically collect bond monies and transmit these monies to the Office Administrator for processing, but bond forms are not prenumbered, copies of bond forms are not always retained, receipt slips are not issued when these monies are received, and there is no documentation to support the transmittal to the Office Administrator.

### Commissary Controls and Procedures

As noted in our previous audit, the Sheriff's office personnel do not prepare a monthly list of liabilities and do not maintain a record of commissary profits. At our request, the Office Administrator prepared a list of liabilities for the commissary account. The bank balance was \$6,059 more than the list of liabilities, but there is no documentation to confirm this overage is commissary profits. The Sheriff does not submit commissary profits to the county treasury, as required by state law and, during 2013, spent \$3,649 to purchase prison supplies, building repairs, and inmate medical services. The Sheriff's office also spent \$11,782 during 2013 to purchase various items and telephone cards to sell in the commissary but did not maintain a running inventory of commissary items and telephone cards or conduct periodic physical inventory counts, so loss, theft or misuse could go undetected.

### Public Administrator Controls and Procedures

Of the 35 cases requiring annual settlements to be filed with the court in 2013, the Public Administrator filed all 35 late, including 4 which had not been filed at all as of July 1, 2014. The Associate Circuit Court, Probate Division did not notify the Public Administrator of annual settlement requirements 40 days before the due date as required by law, and in some cases did not notify the Public Administrator until several months after the due date. The Public Administrator does not include real property as an asset on annual settlements, so the annual settlements are incomplete, does not file supporting documentation such as invoices with the Associate Circuit Court, Probate Division, and does not obtain adequate supporting documentation for some disbursements from ward bank accounts.

### Prosecuting Attorney Controls and Procedures

The Prosecuting Attorney does not adequately segregate accounting duties or perform and document adequate supervisory reviews of accounting records. The Prosecuting Attorney's secretary does not prepare bank reconciliations and lists of liabilities on a monthly basis. At our request, a bank reconciliation and a list of liabilities was prepared at March 31, 2014, and the bank balance exceeded the liabilities by \$181. The Prosecuting Attorney does not adequately track, monitor, and collect court-ordered restitution. Certain cases are dismissed if defendants make a donation to the Law Enforcement Restitution Fund, but there is no authority under state law to require such a donation in exchange for dismissing charges.

County Sales Tax	State law requires the county to reduce property taxes for a percentage of sales tax collected. Lewis County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected, but the County Clerk has not adequately considered the excess tax collection from prior years when calculating the current year's rollback, and, at December 31, 2013, the reductions were not sufficient to offset 50 percent of sales tax monies by approximately \$47,000.
County Procedures	The county lacks effective monitoring procedures for vehicle and equipment fuel use by the road and bridge department and Sheriff's office. The Sheriff does not have adequate procedures for reviewing invoices and does not submit sufficient supporting documentation to the County Clerk's office. The county paid a software vendor \$8,010 between March and December 2012 to develop a property tax system, but the county did not solicit bids for this purchase and County Commission meeting minutes did not document discussions about the need for the purchase or the estimated cost. In addition, the county did not enter into a formal written agreement with this vendor.
Sunshine Law	The county has not adopted a policy regarding public access to county records, as required by the Sunshine Law.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.\*

\*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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# Lewis County

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# **THOMAS A. SCHWEICH**

## **Missouri State Auditor**

To the County Commission  
and  
Officeholders of Lewis County

We have audited certain operations of Lewis 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 Lewis County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. 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 Lewis County.

An additional report, No. 2014-104, *Lewis County Collector and Property Tax System*, was issued in November 2014.

A handwritten signature in black ink, reading "Thomas A. Schweich". The signature is fluid and cursive, with the first name "Thomas" and last name "Schweich" clearly legible.

Thomas A. Schweich  
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
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# Lewis County

## Management Advisory Report

### State Auditor's Findings

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#### **1. Sheriff Controls and Procedures**

Controls and procedures in the Sheriff's office need improvement.

During the year ended December 31, 2013, the Sheriff's office deposited approximately \$200,000 for civil and criminal process fees, prisoner board billings, concealed carry weapon permits, bonds, and other miscellaneous receipts into the Sheriff's fee account.

##### **1.1 Segregation of duties**

The Sheriff has not adequately segregated accounting duties for the fee account, and does not perform adequate supervisory reviews. The Office Administrator is primarily responsible for accounting duties in the Sheriff's office, including recording transactions, making deposits, disbursing funds, and preparing month-end reports and reconciling the fee account. Additionally, the Office Administrator is an approved signer on the Sheriff's fee account and only one signature is required.

The Sheriff does not document his occasional review of bank reconciliations or other accounting records. In addition, there is not adequate oversight of receipting, depositing, or disbursement procedures to ensure monies are properly and timely recorded, deposited, and disbursed.

To reduce the risk of loss, theft, or misuse of funds, proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, the Sheriff should implement an adequate independent or supervisory review of bank and accounting records.

##### **1.2 Receipting and depositing**

Controls and procedures over receipting and depositing monies are not sufficient. As a result, there is less assurance monies received are deposited.

The Office Administrator does not issue receipt slips timely for some monies received, and does not always deposit receipts intact and timely. For example, 8 checks received for civil paper service fees dated between June 27, 2013, and March 17, 2014, totaling \$344 were not recorded or deposited as of March 19, 2014. The Office Administrator does not issue receipt slips for monies received until the monies are included in a deposit. In addition, monies received for civil paper service fees are not recorded or deposited until the civil paper process is completed.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds going undetected, prompt receipting and recording of payments received and depositing intact and timely are necessary.

##### **1.3 Bonds**

Controls and procedures for receipting and recording bond monies are not sufficient.



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Deputies and jailers typically collect bond monies and transmit these monies to the Office Administrator for processing. However, bond forms are not prenumbered, copies of bond forms are not always retained, and receipt slips are not issued when these monies are received. In addition, there is no documentation to support the transmittal to the Office Administrator.

To reduce the risk of loss, theft, or misuse of bond monies, and provide assurance bond monies are accounted for properly, procedures to account for bond forms and transmittal of bonds to the Office Administrator should be established.

## Recommendations

The Sheriff:

- 1.1 Adequately segregate accounting duties or ensure independent or supervisory reviews of accounting records are performed and documented.
- 1.2 Issue receipt slips for all monies when received and ensure deposits are made timely and include all monies on hand at the time a deposit is prepared.
- 1.3 Issue prenumbered bond forms for all bond monies received and account for the numerical sequence of bond forms. The Sheriff should also ensure the transmittal of bond monies between staff is documented.

## Auditee's Response

*The Sheriff provided the following written responses:*

- 1.1 *The Office Administrator must oversee all bank reconciliations, accounting records, billing, payroll, civil process, sex offender registration, scheduling, dispatching and many other responsibilities. Therefore, the Sheriff's office cannot achieve what the audit team recommends at this time due to limited staff and budgetary concerns. As the Sheriff, I have face-to-face contact with the Office Administrator and regularly review the office budget and funds. I receive a monthly disbursement sheet from the Office Administrator and monthly reports from the County Clerk and County Treasurer. Since I cannot hire additional staff to create a separate independent review, I will continue to serve as the substitute office manager when other staff members are not able to work.*
- 1.2 *The Office Administrator has accounted for all monies that have been sent for the service of civil process through a QuickBooks program. The Sheriff's office has served as many as 1,500 papers in a twelve month period. In order to simplify billing, the person or*





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*entity requesting service is not billed until the document is finally served. Therefore, there are not two separate bills for the service fee and mileage fee. The Office Administrator will continue to create an invoice and will show a prepayment in the QuickBooks system at the time the civil document is received. Special priority will be placed on any document service where prepayment has been made and service will be completed within one week instead of the current priority status of thirty days.*

*Sheriff's office personnel will be encouraged to receipt and deposit monies as soon as possible after receipt.*

- 1.3 *I disagree that the controls and procedures for receipting and recording bond monies are not sufficient. During my fourteen year tenure, I am proud to say the jail staff and Office Administrator have never lost a bond. There are several natural control points in place that deter loss and/or theft. When the defendant posts bond, he/she signs a three page bond form that is also signed by the jailer. If a family member or third party is involved they also sign the bond form. A copy of the bond form is given to the defendant and placed in the defendant's jail file. The form also includes the amount of bond received and the next scheduled court appearance. Upon release, the jailer also documents the type of release and the amount of the bond received in the jail management computer system. The money and form are then received by the Office Administrator who then documents the bond in a separate receipt book. The money is deposited and a check and bond form are given to the appropriate court.*

*I will contact the software vendor to determine if the jail management system can generate a listing of all bonds posted.*

*As Sheriff, I will ensure all of the above protocols will continue to be followed and that extra care will be placed on the jail staff to properly document the type of release.*

## **2. Commissary Controls and Procedures**

Controls and procedures over the commissary items and telephone cards need improvement. During the year ended December 31, 2013, the Sheriff's office received approximately \$18,700 from inmates for commissary operations.

### **2.1 Commissary account**

As noted in our previous audit report, improvement is needed in the Sheriff's handling of the commissary. Reconciliation procedures for the commissary account are not adequate and commissary profits are not remitted to the county treasury.



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Liabilities

Sheriff's office personnel do not prepare a monthly list of liabilities to reconcile to the available cash balance for the Sheriff's commissary account. Records of commissary profits are not maintained, making it difficult to determine the actual amount of profits maintained in the account.

We requested the Office Administrator prepare a list of liabilities for the Sheriff's commissary account as of December 31, 2013. The list of liabilities totaled \$178 while the reconciled bank balance was \$6,237, resulting in an overage of \$6,059; however, there is no documentation to confirm the remaining \$6,059 is commissary profits.

Without a record of commissary profits, the Sheriff cannot reconcile liabilities to cash balances to detect possible errors. Monthly reconciliations of liabilities and individual inmate accounts to the reconciled bank balance are necessary to ensure the bank account is in agreement with accounting records and to detect and correct errors timely.

Commissary profits

The Sheriff maintains amounts assumed to be profits from commissary sales outside the county treasury and uses these monies to purchase items for the benefit of prisoners and the Sheriff's office.

During 2013, the Sheriff used commissary monies totaling \$3,649 to purchase prison supplies, building repairs, and inmate medical services. The County Commission did not approve these purchases, and the Sheriff's office did not handle these purchases through the normal county procurement and budget process. Profits from the sale of commissary items represent accountable fees and should be turned over to the County Treasurer. There is no statutory authority for the Sheriff to make disbursements from accountable fees.

Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund.

2.2 Commissary items and  
telephone cards

Sheriff's office commissary procedures need improvement. During the year ended December 31, 2013, the Sheriff's office spent approximately \$11,782 from the commissary account for various items and telephone cards to sell in the commissary. However, the Sheriff's office does not maintain a running inventory of commissary items and telephone cards or conduct periodic physical inventory counts. As a result, records and procedures are not sufficient to account for these items or monies collected, and loss, theft, or misuse may go undetected.



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To ensure commissary items and monies are accounted for properly, a detailed inventory ledger is necessary, along with the implementation of periodic physical count and reconciliation procedures.

## Recommendations

The Sheriff:

- 2.1 Prepare a monthly list of liabilities for the commissary account, compare it to the available cash balance, and promptly investigate and resolve differences. In addition, maintain complete and accurate records that allow for the tracking of profit and loss on all commissary sales. The Sheriff should work with the County Commission and County Treasurer to establish the Inmate Prisoner Detainee Security Fund and ensure existing and future commissary profits are deposited to this fund.
- 2.2 Maintain inventory records of commissary items and telephone cards and reconcile the records to purchases, sales, and periodic physical inventory counts.

## Auditee's Response

*The Sheriff provided the following written responses:*

- 2.1 *I am proud of the jail staff for successfully completing hundreds of transactions over the past several years. It is clear that the Sheriff's office is not missing any commissary funds. This commissary fund currently has approximately \$6,000 in profit in the account, which has been maintained by the Sheriff's office. All commissary items are logged through a computer system or written log. This fund can only be used for inmate purposes. This fund has been used to pay for jail toilets, jail sinks, jail supplies, jail mattresses, jail uniforms, etc. This has saved the taxpayer several thousands of dollars since the commissary fund was created.*

*As Sheriff, it is my responsibility to be aware of any changes in laws affecting the office and duties of the office of Sheriff, and I did not know the inmate commissary law went into effect on August 28, 2013. I will work with the other elected officeholders to create the Inmate Prisoner Detainee Security Fund beginning January 2015. This should resolve the majority of concerns of the audit team. Commissary profits will be turned over to the County Treasurer for deposit to the Inmate Prisoner Detainee Security Fund. Beginning in 2015, we will reconcile inmate monies and commissary profits to the cash balance monthly.*

- 2.2 *We will maintain an inventory list of telephone cards and items received from our commissary vendor and will reconcile to physical counts periodically.*



### **3. Public Administrator Controls and Procedures**

#### **3.1 Annual settlements**

Public Administrator controls and procedures need improvement. The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Associate Circuit Court, Probate Division, and was responsible for the financial activity of approximately 43 wards or estates during the year ended December 31, 2013.

The Public Administrator has not timely filed complete and accurate annual settlements in compliance with state law. In addition, the Associate Circuit Court, Probate Division does not timely notify the Public Administrator prior to the deadline for the annual settlement or follow up on annual settlements not filed by the required date.

For each ward or estate the Public Administrator is the personal representative, the Public Administrator is required to file an annual settlement with the Associate Circuit Court, Probate Division on the anniversary date of the date of letters, which reflects a detailed list of assets held, as well as financial activity for the previous year. Of the 43 cases, 35 required the filing of annual settlements with the court during 2013. We reviewed these settlements and determined the Public Administrator filed all 35 of them late. For 4 cases, the Public Administrator filed the settlement within 30 days of the date due. However, for 19 cases, he filed the settlements approximately 1 to 5 months late and for 8 cases, he filed the settlements more than 5 months late. As of July 1, 2014, settlements for 2013 had not been filed for 4 of these 35 cases.

The Public Administrator does not list real property as an asset on annual settlements, and therefore, the annual settlements do not provide a complete listing of all assets. The Public Administrator indicated he records real property in inventory records when obtained; however, he does not include real property on the annual settlement until the sale of the property.

Additionally, the Associate Circuit Court, Probate Division did not notify the Public Administrator of the annual settlement requirement 40 days before the settlement due date for any of the cases requiring filing of an annual settlement during the year ended December 31, 2013. In some cases, the Public Administrator received notification approximately 2 to 4 weeks before the due date; however, in other cases, the notification occurred several months after the due date.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. In addition, Section 473.557, RSMo, requires the clerk of the court to notify the conservator or guardian (Public Administrator) of the deadline for the annual settlement. Timely and accurate settlements are necessary for the



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court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

### 3.2 Supporting documentation

The Associate Circuit Court, Probate Division does not perform sufficient reviews of the activity of cases assigned to the Public Administrator. The court reviews annual settlements submitted, but the review of disbursements is limited to verifying the accuracy of amounts reported by reviewing canceled checks. The Public Administrator did not file supporting documentation such as invoices with the Associate Circuit Court, Probate Division when filing annual settlements.

Without such documentation, it is difficult for the court to assess the validity and reasonableness of costs charged to and paid by wards of the Public Administrator. The court should consider requiring such supporting documentation to be filed along with annual settlements.

### 3.3 Disbursements

The Public Administrator does not obtain adequate supporting documentation for some disbursements from ward bank accounts.

Adequate supporting documentation was not available for the following disbursements from the various wards bank accounts during 2013:

- Checks totaling \$5,751 (approximately \$500 per month) were issued to a ward as a personal spending allowance; however, documentation to support these allowances was not sufficient and the ward did not sign a receipt indicating monies had been received from the Public Administrator.
- A check totaling \$560 was issued to a mail order company for clothing. The Public Administrator had no documentation to support this expense.

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

## Recommendations

- 3.1 The Public Administrator ensure complete and accurate annual settlements are filed timely. In addition, the Associate Circuit Court, Probate Division should notify the Public Administrator of annual settlement deadlines timely and follow up on settlements not filed by the required date.
- 3.2 The Associate Circuit Judge establish procedures to adequately monitor the activity of all cases assigned to the Public Administrator, and require adequate supporting documentation to be filed with the court.



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- 3.3 The Public Administrator ensure disbursements are supported by adequate documentation.

## Auditee's Response

*The Public Administrator provided the following responses:*

- 3.1 *I do not believe real estate is required to be included on annual settlements; however, I understand the auditor's recommendation and will begin including real estate on annual settlements. I understand some of the settlements were not filed timely and will establish procedures to ensure they are filed more timely in the future.*
- 3.3 *I will continue to keep records for all disbursements. The missing receipt noted was an isolated payment. I will either obtain endorsed checks for personal spending or implement other procedures to document the ward's receipt of these personal spending monies.*

*The Associate Circuit Judge provided the following written responses:*

- 3.1 *The Court will provide timely notices to the Public Administrator according to the law. The Court will require the Public Administrator list a total value for real estate held as per the inventory and last preceding settlement.*
- 3.2 *The Court has and will continue to require canceled check vouchers for expenditures. In addition, the Court will require supporting documentation when appropriate as determined by the Judge and the Probate Division Clerk.*

## 4. Prosecuting Attorney Controls and Procedures

Prosecuting Attorney's office accounting controls and procedures are not sufficient and do not provide assurance that monies collected are accounted for properly. The Prosecuting Attorney's office processed approximately \$58,000 in bad check and court-ordered restitution during the year ended December 31, 2013.

### 4.1 Segregation of duties

The Prosecuting Attorney does not adequately segregate accounting duties or perform and document adequate supervisory reviews of accounting records. The Prosecuting Attorney's secretary is responsible for all accounting duties, including recording transactions, making deposits, disbursing funds, and preparing month-end bank reconciliations for the fee account. The Prosecuting Attorney indicated he reviews monthly bank reconciliations; however, our review of the reconciliations indicated this review is not documented.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of



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duties cannot be achieved, periodic supervisory reviews of accounting records should be performed and documented by the Prosecuting Attorney.

#### 4.2 Bank reconciliations and liabilities

The Prosecuting Attorney's secretary does not prepare bank reconciliations on a monthly basis. As of March 31, 2014, the secretary had not prepared bank reconciliations for the fee account since August 2013. In addition, the secretary does not prepare monthly lists of liabilities, and therefore, liabilities are not reconciled to the cash balance in the fee account. Upon our request, the secretary prepared bank reconciliations through the month of March 2014, and prepared a list of liabilities at March 31, 2014. The reconciled bank balance of \$3,653 at that date exceeded identified liabilities by \$181.

Preparing monthly bank reconciliations is necessary to ensure accounting records are in balance and to identify errors timely. In addition, regular identification of liabilities and comparison to the reconciled cash balance is necessary to ensure bank and book records agree, and cash is sufficient to meet liabilities.

#### 4.3 Tracking procedures

The Prosecuting Attorney has not established adequate procedures to properly track, monitor, and collect court-ordered restitution due from defendants. As of April 30, 2014, court-ordered restitution totaled approximately \$278,000.

The secretary records restitution payments in the Prosecuting Attorney's accounting system; however, the system is not set up to alert the secretary when restitution payments are due or a defendant's probationary period is nearing completion. We reviewed 6 cases with court-ordered restitution due, and noted one case where no restitution payments had been made for approximately 9 months and the secretary did not follow up with the probation officer until after our audit began.

Adequate procedures for tracking court-ordered restitution are necessary to facilitate monitoring amounts due, provide information to the court, and improve accountability.

#### 4.4 Deferred prosecution

The Prosecuting Attorney defers prosecution on certain non-traffic tickets by requiring defendants to make a donation (up to \$300) to the county's Law Enforcement Restitution Fund. Once the agreed upon amount has been paid by the defendant to the Law Enforcement Restitution Fund, the Prosecuting Attorney dismisses the case. During the year ended December 31, 2013, the Prosecuting Attorney deferred prosecution on 29 cases and collected \$6,550 in donations to the county's Law Enforcement Restitution Fund for these cases.



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There is no authority for the Prosecuting Attorney to require a donation to dismiss charges filed on these tickets. Section 50.565, RSMo, provides for the deposit of certain assessments and payments into the county law enforcement restitution fund, however, this statute relates to a court ordering an assessment after a plea or finding of guilt.

## Recommendations

The Prosecuting Attorney:

- 4.1 Adequately segregate accounting duties or ensure independent or supervisory reviews of accounting records are performed and documented.
- 4.2 Prepare formal bank reconciliations monthly and reconcile bank balances to monthly lists of liabilities ensuring any differences between accounting records and reconciliations are investigated and resolved. Additionally, after sufficient efforts are made to resolve discrepancies, any remaining unidentified monies should be disposed of in accordance with state law.
- 4.3 Develop procedures and records to adequately track court-ordered restitution.
- 4.4 Reevaluate the practice of requiring donations to the county Law Enforcement Restitution Fund to defer prosecution.

## Auditee's Response

*The Prosecuting Attorney provided the following responses:*

- 4.1 *It is not feasible to segregate accounting duties within the Prosecuting Attorney's office. Procedures will be developed to ensure a documented review of accounting records is performed by myself or the Assistant Prosecuting Attorney.*
- 4.2 *Bank reconciliations are being completed monthly by Prosecuting Attorney's secretary and a documented review is now being performed by myself. Additionally, a list of liabilities is being reconciled to reconciled bank balance monthly. We are working to identify the unidentified balance.*
- 4.3 *A report of court-ordered restitution is printed on a quarterly basis and reviewed by the secretary. We will contact the software vendor to assist with the development of a more efficient method to monitor court-ordered restitution due.*
- 4.4 *The practice of requiring a donation to the Law Enforcement Restitution Fund for deferred prosecution will be reevaluated. Consideration will be given to requiring this donation be made to*





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*an allowable county fund that does not directly or indirectly benefit the Prosecuting Attorney's office.*

## 5. County Sales Tax

Property tax reductions were not sufficient to offset 50 percent of sales tax monies received by approximately \$47,000 at December 31, 2013, and property tax reduction amounts were not accurately calculated. The County Clerk has not adequately considered the excess tax collections from prior years when computing the current year's rollback. As a result, the county is noncompliant with state law and additional or increased property tax levy rollbacks will be required in future years to offset this liability.

The following table presents the cumulative liability resulting from the insufficient sales tax reductions.

For Sales Tax Reduction		Year Ended December 31,			
		2013	2012	2011	2010
Required property tax revenue reduction	\$	136,281	139,093	146,642	137,648
Actual property tax revenue reduction		128,758	126,707	142,595	125,478
Amount not sufficiently reduced		7,523	12,386	4,047	12,170
Prior years insufficient reduction		39,534	27,148	23,101	10,931
Total insufficient property tax revenue reduction	\$	47,057	39,534	27,148	23,101

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Lewis County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet a 50 percent reduction requirement and in the following year calculate any excess property taxes collected based upon actual sales tax collections.

## Recommendation

The County Clerk should consider the prior year's excess property tax collections when computing the current year's rollback. In addition, the County Commission and County Clerk should develop a plan to correct for the accumulation of prior years' insufficient property tax levy reductions.

## Auditee's Response

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

*We reduced the property tax levy for 2014 to rollback one-half of the tax surplus. We plan to reduce the property tax levy for 2015 to rollback the additional surplus if possible.*



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## 6. County Procedures

Controls and procedures over disbursements need improvement.

### 6.1 Fuel use

The county has not established effective monitoring procedures for vehicle and equipment fuel use by the road and bridge department and Sheriff's office. During the year ended December 31, 2013, fuel purchases totaled approximately \$110,000 for the road and bridge department and approximately \$29,000 for the Sheriff's office.

Logs of fuel dispensed from bulk fuel tanks are not maintained for road and bridge department vehicles and equipment. Additionally, mileage and fuel logs are not maintained for the road and bridge department or Sheriff's office vehicles and equipment.

Procedures for maintaining and reviewing fuel usage logs and reconciling the information to fuel purchased and related records are necessary to ensure vehicles and equipment are properly utilized, prevent paying vendors for improper amounts, and 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 use and fuel costs.

### 6.2 Disbursements

The Sheriff does not have adequate procedures for reviewing invoices and does not submit sufficient supporting documentation to the County Clerk's office. The Sheriff's office submits the summary pages of monthly statements received from vendors to the County Clerk's office for payment. However, additional information regarding individual transactions is not submitted.

The Sheriff's Office Administrator reviews and approves disbursements made by the office. The Office Administrator indicated he obtains verbal approval from the Sheriff for any unusual purchases, but does not obtain documentation of the Sheriff's approval. Monthly fuel billing statements are forwarded to the Deputy Sheriff for review. The Deputy Sheriff indicated he reviews the fuel invoices and reconciles the invoices to a fuel report from the office's computer system, but does not document this reconciliation. Our review of a monthly billing statement from a convenience store indicated pizzas purchased for the DARE program had been incorrectly coded as a fuel purchase.

The County Clerk and County Commission rely on county officials and department heads to verify the accuracy and appropriateness of the amount billed. However, the County Clerk's office does not require the Sheriff to sign or initial invoices and attach applicable supporting documentation to invoices submitted for payment. Other county officials approve invoices and submit additional documentation to the County Clerk's office.



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### 6.3 Bidding and written contracts

Between March 2012 and December 2012, the county paid a software vendor \$8,010 for the development of a property tax system used by the County Clerk and County Collector to bill and collect property taxes. The county did not solicit bids for the purchase of the system. In addition, minutes prepared for County Commission meetings did not document discussions regarding the need to purchase a new property tax system or the estimated cost of a new system. According to the County Clerk, the software vendor indicated this program could be developed for less than \$4,500, and therefore, the county did not solicit bids for the purchase. It is not clear how the county evaluated software vendors or why the county selected this vendor to develop the system. Additionally, the county did not enter into a formal written agreement with the vendor for the development or implementation of the system.

Section 50.660, RSMo, provides bidding requirements. Routine use of a competitive procurement process for major purchases ensures necessary services are obtained from the best-qualified vendor at a reasonable cost and all interested parties are given an equal opportunity to participate in county business.

Further, Section 432.070, RSMo, requires government contracts to be in writing. Written contracts, signed by the parties involved, should specify the services to be performed and the manner and amount of compensation to be paid, and are necessary to ensure parties are aware of their duties and responsibilities and to prevent misunderstandings. Proper monitoring and oversight of project costs are necessary to ensure all county funds are properly disbursed.

## Recommendations

- 6.1 The County Commission require mileage and fuel use logs for all vehicles and equipment and review logs for reasonableness. In addition, maintain bulk fuel inventory records, and develop procedures to reconcile fuel use to fuel purchases, and investigate any significant differences identified.
- 6.2 The Sheriff review and approve all disbursements and submit adequate supporting documentation to the County Clerk's office. In addition, the County Clerk's office should ensure all disbursements have been properly reviewed and approved prior to payment.
- 6.3 The County Commission ensure a competitive procurement process is used for applicable purchases of goods or services in accordance with state law and adequate documentation is maintained to support the selection process. The County Commission should also enter into a written contract with the software vendor and ensure the amount charged agrees with the contracted amount.



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## Auditee's Response

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

- 6.1 *We will consider this recommendation. Bulk fuel tanks do not have meters and we are not sure if it would be cost effective to add meters to current tanks or to replace current tanks.*
- 6.2 *The Deputy County Clerk is transferring to the Sheriff's office as the Jail Administrator. She is familiar with disbursement requirements of the County Clerk's office, which should help with documentation issues.*
- 6.3 *The County Commission anticipated this purchase would be less than \$4,500. The County Commission's practice is to solicit bids for all expenditures exceeding \$4,500. The Commission will contact the software vendor and obtain clarification for amounts charged in 2015.*

*The Sheriff provided the following written responses:*

- 6.1 *Each deputy is required to log into the law enforcement computer system and report every fuel stop. The deputy is required to log where the fuel is being purchased, how much is being purchased and how many gallons are being purchased. Generally, fuel is the only thing to be purchased unless authorized by the Sheriff or his designee. \$29,000 was spent on fuel last year which was \$4,000 below what was authorized by the County Commission. The \$150 for DARE pizzas was a transaction that was approved by the Sheriff due to a lack of pizzas for a DARE culmination in which local businesses and the Sheriff's office normally pay for pizzas for sixth grade students who have successfully completed the DARE curriculum. The purchase should have been coded differently but the Sheriff is allowed to make purchases as he sees fit.*
- 6.2 *The County Clerk does an excellent job of requiring supporting documentation for all requests for purchases made by Sheriff's staff. There have been many occasions that the County Clerk has asked for more documentation regarding all types of purchases. The Sheriff's office has always honored her request. Since the audit shows there have been no abuses, I do not believe the terminology used is appropriate. I agree to provide the itemized copies of the cell phone bills and fuel bills instead of just the primary invoice which come from the cell phone company and fuel vendors.*



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## 7. Sunshine Law

The county has not adopted a policy regarding public access to county records, as required by the Sunshine Law. A formal policy regarding access to county records establishes guidelines for the county to make the records available to the public. This policy should establish a contact person, an address to mail requests for access to records, and a fee schedule for document retrieval and research. Section 610.023, RSMo, lists requirements of making records available to the public and Section 610.026, RSMo, establishes the fees for copying public records.

### Recommendation

The County Commission establish written policies and procedures regarding public access to county records.

### Auditee's Response

*The County Commission provided the following response:*

*We will develop a written policy and procedures to address public access to county records.*

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# Lewis County

## Organization and Statistical Information

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

Lewis 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 39 full-time employees and 13 part-time employees on December 31, 2013.

### Elected Officials

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

Officeholder	2014	2013
Wayne Murphy, Jr., Presiding Commissioner	\$	31,470
John Campen, Associate Commissioner		29,410
Jesse Roberts, Associate Commissioner		29,410
Brenda Gunlock, Recorder of Deeds		44,561
Sharon Schlager, County Clerk		44,561
Jules V. (Jake) DeCoster, Prosecuting Attorney		52,785
David T. Parrish, Sheriff		49,260
Kim Porter, County Treasurer		44,171
Larry Arnold, County Coroner		12,882
Brett B. Bozarth, Public Administrator		44,561
Denise M. Goodwin, County Collector (1) (2), year ended February 28,	12,833	
Robert E. (Bob) Veatch, County Collector (1) (3), year ended February 28,	30,113	
Craig Myers, County Assessor, year ended August 31,		44,269
Carson W. Lay, County Surveyor (4)		

(1) Robert E. Veatch served as County Collector until October 28, 2013. Denise M. Goodwin was appointed the Lewis County Collector and sworn into office on December 23, 2013.

(2) Includes \$4,063 of commissions earned for collecting drainage district taxes.

(3) Includes \$406 of commissions earned for collecting drainage district taxes.

(4) Compensation on a fee basis.

### Financing Arrangements

The county has entered into 3 lease-purchase agreements for road and bridge equipment (including a motor grader, tractor, and truck). Principal



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and interest payments are made from the Special Road and Bridge Fund. The final payment for the lease-purchases is scheduled to occur in 2019. The remaining principal outstanding at December 31, 2013, was \$212,776. Interest remaining to be paid over the life of the agreements totals \$18,275.