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Missouri State Auditor

Dunklin County



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CITIZENS SUMMARY

Findings in the audit of Dunklin County

County Collector-Treasurer's Annual Settlements

The county collector-treasurer lacks procedures to ensure all property tax receipts and disbursements are accounted for properly. As similarly reported in prior audits, the county collector-treasurer has not prepared annual settlements of property taxes since taking office in April 2009. As of December 2015, the county collector-treasurer had not prepared the annual settlement for the year ending February 28, 2015, and in previous years, the county clerk's office had prepared annual settlements for the county collector-treasurer. The February 28, 2014, annual settlement incorrectly reported the county collector's commissions twice, causing the settlement to show \$58,000 more had been disbursed than collected. The county commission does not review the annual settlements as required by law, so the \$58,000 error was not discovered prior to the audit.

Sheriff's Controls and Procedures

The sheriff has not adequately segregated duties or performed documented supervisory reviews of the fee account or the inmate commissary account maintained by his office. One employee performs nearly all the accounting duties for each account, increasing the risk of loss, theft or misuse without documented independent reviews. The sheriff also has not established adequate controls or procedures over receipts and deposits for the inmate commissary account. Therefore, the reason for a \$114 cash shortage could not be determined. Bank reconciliations for the inmate commissary account have not been prepared since May 2014, and employees do not prepare monthly lists of liabilities for either bank account. At auditors' request, the office prepared lists of liabilities and determined an unidentified balance of \$1,195 in the fee account and a shortage of \$74 in the inmate commissary account. The sheriff has not turned over all net proceeds from commissary commissions and fees to the county treasury as required by state law, and the office does not always refund inmate money upon an inmate's release. The office was holding \$13,819 for 1,438 inactive inmates as of December 31, 2014. Records also showed 563 active inmate accounts totaling more than \$6,000, while the justice center has a capacity of only 174 inmates. The sheriff's office also collected a \$1.25 set-up fee from inmates that is not allowed by state law.

Prosecuting Attorney's Controls and Procedures

The prosecuting attorney's office clerk does not prepare timely monthly bank reconciliations. As of March 2015, the clerk had not performed bank reconciliations since the previous June. She also does not prepare a monthly list of liabilities and was unable to create one at auditors' request. Audit staff prepared a list of liabilities and found that liabilities exceeded the bank balance by \$2,682. The prosecuting attorney's office also has not established procedures to follow up on outstanding checks. As of the most recent bank reconciliation in June 2014, the restitution bank account had 199 checks totaling more than \$32,000 outstanding for over a year, of which nearly \$13,000 had been outstanding since 2011 or earlier. Personnel also do not prepare lists of unpaid restitution and do not proactively identify and follow up on cases with unpaid amounts.

One-Time Salary Payments

As reported in the previous audit, the county made one-time payments totaling \$50,117 in lieu of permanent cost of living adjustments to employees and elected officials that may be in conflict with the Missouri Constitution. Each full-time employee and elected official (except the prosecuting attorney) was paid \$650 in 2014, and part-time employees were paid a percentage of \$650 based on the number of hours they worked. Payments were not based on additional duties performed or performance appraisals and were not considered raises. Awarding additional pay to employees and officials on a discretionary basis conflicts with Article III, Section 39 of the Missouri Constitution. In addition, state law requires cost of living adjustments to be the same percentage for all county elected officials. However, since most county officials' salaries are not the same, the one-time payment amounts would constitute different percentages of the elected officials' salaries and could be a violation of state 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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Dunklin County Table of Contents

State Auditor's Report	2
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Management Advisory Report - State Auditor's Findings	1. County Collector-Treasurer's Annual Settlements4 2. Sheriff's Controls and Procedures5 3. Prosecuting Attorney's Controls and Procedures 10 4. One-Time Salary Payments..... 13
---	---

Organization and Statistical Information	15
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NICOLE GALLOWAY, CPA

Missouri State Auditor

To the County Commission
and
Officeholders of Dunklin County

We have audited certain operations of Dunklin 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 Dunklin County for the 2 years ended December 31, 2014. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2014. 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.

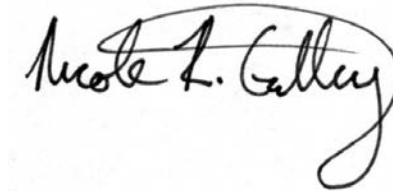
Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls 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 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 Dunklin County.

An additional report, No. 2016-013, *Dunklin County Public Administrator*, was issued in March 2016.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Keriann Wright, MBA, CPA
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Dunklin County Management Advisory Report State Auditor's Findings

1. County Collector-Treasurer's Annual Settlements

The County Collector-Treasurer's annual settlement procedures are not sufficient to provide adequate assurance all property tax receipts and disbursements are accounted for properly. In addition, the County Commission is not reviewing annual settlements for accuracy. The County Collector-Treasurer's office processed collections totaling approximately \$16 million for the year ended February 28, 2015.

As of December 2015, the County Collector-Treasurer had not prepared an annual settlement of property taxes for the year ended February 28, 2015. Also, as noted in prior audits, the County Collector-Treasurer has not prepared annual settlements of property taxes since taking office in April 2009. Rather, the County Clerk's office prepared annual settlements for the County Collector-Treasurer through the year ended February 28, 2014. In addition, the February 28, 2014, annual settlement incorrectly reported County Collector's commissions twice, resulting in the annual settlement erroneously showing approximately \$58,000 more disbursed than collected. Because the County Commission does not review the annual settlements, this error was not discovered.

Section 139.160, RSMo, requires the County Collector-Treasurer to annually settle with the County Commission the accounts of all monies received from taxes and other sources. To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the County Collector-Treasurer file annual settlements timely. Section 139.190, RSMo, requires the County Commission to carefully and fully examine the annual settlement of the County Collector-Treasurer and for the County Clerk to certify the amounts to the state.

Similar condition
previously reported

A similar condition was noted in our prior 2 audit reports. Our follow up to the most recent audit, Report No. 2012-59, *Follow-Up Report on Audit Findings - Dunklin County*, issued in June 2012 (section 4.1), reported the status, at that point in time, as implemented. This status is consistent with representations from county officials and the annual settlement filed with the Department of Revenue and the copy provided to our office. However, during the current audit it was determined the County Clerk had continued to prepare the annual settlement instead of the County Collector-Treasurer through the year ended February 28, 2014. It is the County Collector-Treasurer's statutory duty to prepare the annual settlement and the County Clerk's and the County Commission's statutory duties to review and approve the annual settlement prepared by the County Collector-Treasurer. When the County Clerk's office prepares the annual settlement, these checks and balances are eliminated.

Recommendation

The County Collector-Treasurer prepare and file annual settlements as required by law. In addition, the County Commission and County Clerk



Dunklin County
Management Advisory Report - State Auditor's Findings

should review the accuracy and completeness of the County Collector-Treasurer's annual settlements.

Auditee's Response

The County Collector-Treasurer provided the following response:

I am working with the County Clerk's office to create the year ended February 28, 2015, annual settlement. Once the 2015 settlement is completed, I will work toward preparing and filing settlements timely.

The County Commission and County Clerk provided the following response:

When annual settlements are completed, we will review for accuracy and completeness.

2. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. Deposits into the Sheriff's fee bank account for civil service fees, mileage, prisoner board, concealed carry weapon fees, jail phone commissions, bonds, and other miscellaneous receipts totaled approximately \$292,000 for the year ended December 31, 2014. Deposits into the Sheriff's inmate commissary bank account for inmate receipts totaled approximately \$294,000 for the year ended December 31, 2014.

2.1 Segregation of duties

The Sheriff has not established an adequate segregation of accounting duties or performed documented supervisory reviews of accounting and bank records. The Office Manager is responsible for receipting, recording, depositing, and disbursing monies, and reconciling the bank account for the Sheriff's fee account. In addition, the Jail Administrator is responsible for recording, depositing, and disbursing monies, and reconciling the bank account for the inmate commissary account. Neither the Sheriff nor other office personnel perform a documented supervisory or independent review of accounting and bank records.

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 a documented independent or supervisory review of accounting and bank records.

2.2 Inmate commissary account receipts and deposits

The Sheriff has not established proper controls or procedures over the inmate commissary account related to receipting and depositing monies to ensure all monies are accounted for properly and deposited timely. As a result, we were unable to determine if all monies were accounted for and deposited properly. We noted the following concerns:

- The Jail Administrator cannot account for the numerical sequence of monies receipted because the computerized system issues a transaction



Dunklin County
Management Advisory Report - State Auditor's Findings

number for any action (e.g., receipt, disbursement, deposit, etc.) made in the system. In addition, the method of payment (cash, check, or money order) is not consistently indicated in the computerized system or is sometimes indicated incorrectly.

- Receipts are not deposited timely. During our cash count on February 25, 2015, we noted receipts from January 31, 2015, to February 25, 2015, were on hand. Some of these monies had not been receipted into the computerized system. In addition, when the deposit was made on February 26, 2015, the deposit totaled \$6,612 and related receipt records totaled \$6,726, resulting in a shortage of \$114 in cash deposited. Office personnel were not sure why the deposit shortage occurred or what happened to the \$114.

To adequately account for collections and reduce the risk of loss, theft, or misuse of funds, adequate controls need to be in place to allow for the accountability of the numerical sequence of all receipt transactions. In addition, receipts need to be recorded timely and indicate the method of payment. The composition of receipts should be reconciled to the composition of deposits. In addition, all monies should be deposited timely and intact.

2.3 Bank reconciliations and liabilities

The Sheriff's office does not prepare complete and accurate bank reconciliations for the inmate commissary bank account, and does not reconcile liabilities to available cash balances for either bank account.

Bank reconciliations

As of the start of our fieldwork in February 2015, the Jail Administrator had not prepared a bank reconciliation for the inmate commissary account since May 2014. The Jail Administrator stated she stopped preparing bank reconciliations because she identified unreconciled differences dating back to January 2014 and could not properly reconcile the bank records to the jail records for this account. At our request, the Jail Administrator performed bank reconciliations for the months of June 2014 through February 2015 in March 2015, and determined the unreconciled differences were due to data entry errors that have now been corrected.

Liabilities

Neither the Jail Administrator nor the Office Manager prepares monthly lists of liabilities for the fee account or inmate commissary account, and consequently, liabilities are not compared to the reconciled bank balances. At our request, a list of liabilities for the fee account was prepared and identified liabilities totaled \$21,585 at December 31, 2014. The reconciled bank balance was \$22,780, leaving an unidentified balance of \$1,195. Also, at our request, a list of liabilities for the inmate commissary account was prepared and identified liabilities totaled \$71,838 at May 31, 2014. The reconciled bank balance was \$71,764, indicating a shortage of \$74, and sufficient funds may not be available to pay all liabilities.



Dunklin County
Management Advisory Report - State Auditor's Findings

The preparation of complete and accurate monthly bank reconciliations, including investigation and correction of unreconciled amounts, 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 balances is necessary to ensure bank and book records agree, and cash is sufficient to meet liabilities.

2.4 Net proceeds and fees

The Sheriff's office has not turned over to the county treasury all net proceeds or fees earned from inmates on various fees, telephone card sales, jail phone commissions, and commissary commissions. The Sheriff's office held \$15,707 in net proceeds and fees in the inmate commissary account as of December 31, 2014. In addition, during the year ended December 31, 2014, Sheriff's office commissary net proceeds totaling \$217,596 were remitted to the County Collector-Treasurer and recorded in the General Revenue Fund. However, based on an August 2013 law change, at least some of these net proceeds should have been recorded in the Inmate Prisoner Detainee Security Fund.

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 (net proceeds) into the county Inmate Prisoner Detainee Security Fund held by the County Collector-Treasurer. In addition, to adequately account for collections and reduce the risk of loss, theft, or misuse of funds, all remaining monies should be disbursed to the County Collector-Treasurer monthly.

2.5 Refunds

The Sheriff's office does not have procedures to ensure all inmate monies are refunded upon release. As of December 31, 2014, the Sheriff's office was holding \$13,819 for 1,438 inactive inmates. These inmates had been released from the county justice center, but they had not claimed balances remaining in their commissary accounts. In addition, office records listed 563 active inmate accounts totaling \$6,196 as of December 31, 2014. However, this active inmate total is likely inaccurate because the justice center only has a capacity for 174 inmates.

Follow up on inactive accounts is necessary to ensure monies are appropriately disbursed to the former inmates or as otherwise provided by state law. In addition, establishing procedures to refund all inmate monies upon release and updating inmate status timely will allow the Sheriff to more adequately safeguard any monies being held and reduce the risk of loss, theft, or misuse of funds.

2.6 Commissary set-up fee

The Sheriff's office is collecting a \$1.25 commissary account set-up fee that is not allowed by state law. According to office personnel, the fee is



Dunklin County
Management Advisory Report - State Auditor's Findings

collected from inmates at the time of booking to set up a commissary account even though the commissary contractor does not charge account set-up fees. There is no statutory authority allowing the Sheriff to charge and collect such a fee at the time of booking.

2.7 Release of inmate funds

The Sheriff's office does not have a formal written policy for releasing inmate funds to family members. The current office procedure is for personnel to obtain the inmate's signature, the officer's signature, the recipient's signature, and a photocopy of the recipient's photo ID. However, 4 of the 6 disbursements we reviewed during the year ended December 31, 2014, were missing one or more of these required items. The Jail Administrator indicated staff were not properly trained on releasing inmate's funds to family members due to the turnover in the office.

To adequately account for the release of funds to family members and reduce the risk of loss, theft, or misuse of funds a written policy should be established to obtain proper documentation, and officers should be trained on the proper procedures.

Similar conditions previously reported

Similar conditions to sections 2.3 and 2.5 were noted in our prior audit report.

Recommendations

The Sheriff:

- 2.1 Adequately segregate accounting duties or ensure independent or supervisory reviews of accounting and bank records are performed and documented.
- 2.2 Work with the computer software vendor to ensure adequate controls are in place to account for the numerical sequence of receipt numbers assigned by the computerized system. The Sheriff should ensure the method of payment is indicated for all receipt transactions, transactions are recorded timely for all monies received, the numerical sequence of receipts is accounted for properly, and the composition of receipts is reconciled to the composition of deposits. In addition, deposits should be made timely.
- 2.3 Perform complete and accurate bank reconciliations for the inmate commissary bank account and reconcile bank balances for both the inmate commissary bank account and the fee account to monthly lists of liabilities, ensuring any differences are investigated and promptly resolved.
- 2.4 Ensure existing and future commissary net proceeds not necessary to meet cash flow needs or current operating expenses are disbursed



Dunklin County
Management Advisory Report - State Auditor's Findings

monthly to the County Collector-Treasurer for deposit into the Inmate Prisoner Detainee Security Fund. In addition, the Sheriff should determine the amount of the net proceeds remitted to the County Collector-Treasurer during 2014 that were earned after August 2013 and request the County Collector-Treasurer transfer that amount from the General Revenue Fund to Inmate Prisoner Detainee Security Fund.

- 2.5 Refund all inmate monies to inmates upon release. In addition, the Sheriff should attempt to resolve unclaimed balances of inactive inmate accounts. If the payee cannot be located, the amount should be disbursed in accordance with state law.
- 2.6 Discontinue charging and collecting the inmate commissary set-up fee at the time of booking.
- 2.7 Establish a written policy to ensure all documentation is obtained before disbursing funds to inmate families, and train officers on the proper procedures.

Auditee's Response

- 2.1 *The Sheriff performs supervisory reviews of accounting and bank records. The Office Manager is responsible for receipting, recording, depositing, and disbursing monies, and reconciling the bank account for the Sheriff's fee account. The Jail Administrator is responsible for recording, depositing, and disbursing monies, and reconciling the bank account for the inmate commissary account. The Sheriff with the assistance of the Office Manager and the Jail Administrator provides a supervisory review of the funds of the Office of Sheriff. These reviews will be documented in the future.*
- 2.2 *Controls and procedures have been established over the inmate commissary account that establish the proper receipting and depositing of monies in a timely manner. We have a new commissary vendor, which eliminated the need for numerical sequence of receipted money within our computerized system. Kiosk machines are now receiving all the funds with accounting of the funds made by the Jail Administrator and two additional employees three times per week. This accounting includes ensuring all receipts collected by the machine are accounted for, ensuring the composition of each deposit agrees to the composition of the receipts, and ensuring related deposits are made timely. The cash count conducted by the auditors on February 25, 2015, revealed an unexplained shortage of \$114. Sheriff Holder personally reimbursed the Inmate Prisoner Detainee Security Fund for this shortage.*



Dunklin County
Management Advisory Report - State Auditor's Findings

- 2.3 *The Sheriff's Office does not prepare complete and accurate bank reconciliations for the inmate commissary bank account. Liabilities are reconciled to available cash. The Office Manager prepares a monthly list of liabilities for the Sheriff's fee account. There is a preparation of complete and accurate monthly bank reconciliations completed by the Office Manager and Jail Administrator. The work performed by the auditors for the month of May in 2014 on the Inmate Commissary Account indicated a shortage of \$74, and Sheriff Holder personally reimbursed the Inmate Prisoner Detainee Security Fund for this shortage.*
- 2.4 *All net proceeds and/or fees earned from inmates on commissary set-up fees (now discontinued), miscellaneous fees, telephone card sales, jail phone commissions, and commissary commissions have been turned over to the county treasury. All funds from this account are remitted to the county with proceeds going into the Inmate Prisoner Detainee Security Fund. Since the audit started our funds have been transferred from the General Fund to Inmate Prisoner Detainee Security Fund correcting the error of money that was not deposited per state statute.*
- 2.5 *The refunds made to inmates with checks that have not been cashed are currently being reviewed, with monies left in the inmate account being applied to any board billed owed by the inmate. Where no board bill account has been established, the funds from the inmate's account are being prepared to be sent to the State of Missouri as unclaimed property.*
- 2.6 *The commissary set-up fee has been discontinued.*
- 2.7 *A written policy has been established requiring Sheriff's office personnel (jail staff) to ensure all documentation is obtained before disbursing funds to inmate families. Training of Sheriff's office employees on the disbursing of funds has been implemented. The procedure of releasing inmate funds are as follows: (1) inmate's signature, (2) the officer's signature, (3) the recipient's signature, and (4) photocopy of the recipient's photo ID.*

3. Prosecuting Attorney's Controls and Procedures

Controls and procedures in the Prosecuting Attorney's office need improvement. The Prosecuting Attorney's office collected approximately \$294,000 in money orders for bad check and court-ordered restitution and fees during the year ended December 31, 2014.

Stephen Sokoloff was the Prosecuting Attorney during 2014. Jeff McCormick took office in January 2015.



Dunklin County
Management Advisory Report - State Auditor's Findings

3.1 Bank reconciliations and liabilities

The Office Clerk does not prepare monthly bank reconciliations timely. As of March 2015, the Office Clerk had not performed any bank reconciliations since June 2014 because she was unable to reconcile the June 2014 bank balance to the book balance. In addition, the Office Clerk does not prepare monthly lists of liabilities, and therefore, liabilities are not reconciled to the available cash balance. At our request, the Office Clerk tried to create a list of liabilities; however, she was unable to create one. We prepared a list of liabilities totaling \$6,389 as of June 30, 2014. The identified liabilities of \$6,389 exceeded the reconciled bank balance of \$3,707 by \$2,682, indicating sufficient funds may not be available to pay all liabilities. The shortage is partially due to an \$817 overpayment of Missouri Office of Prosecution Services fees, for which the office is attempting to receive reimbursement. When taking this overpayment into consideration, there is still a shortage of \$1,865. Based on our review, this shortage likely occurred prior to 2013.

The preparation of complete and accurate monthly bank reconciliations, including investigation of discrepancies, is necessary to ensure accounting records are in balance and to identify and correct errors timely. In addition, regular identification of liabilities and comparison to the reconciled cash balances is necessary to ensure bank and book records agree, and cash is sufficient to meet liabilities.

3.2 Outstanding checks

The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks. As a result, at June 30, 2014 (the date of the most recent bank reconciliation), the restitution bank account had 199 checks totaling \$32,167 that had been outstanding for over a year. Of this amount, 158 checks totaling \$12,808 related to checks issued in 2011 or earlier. The office has not taken any action to reissue or resolve these outstanding checks.

Proper follow-up procedures are necessary to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise allowed by state law.

3.3 Accounts receivable

Office personnel do not generate or prepare periodic lists of unpaid restitution, and are not proactive in identifying and following up on cases with unpaid amounts. At our request, a list of accounts receivable was prepared as of March 1, 2015, that identified a total of 1,157 cases, of which 914 cases totaling approximately \$457,000, were overdue. However, our review of the list indicated some items may be duplicate entries and others may have data entry errors. In addition, many of the accounts may be uncollectible because the case was closed, the defendant's probation was revoked, etc. Therefore, it is unclear exactly how much is actually outstanding and collectible.



Dunklin County
Management Advisory Report - State Auditor's Findings

A periodic review of unpaid restitution would allow office personnel to more easily review amounts due, take appropriate steps to ensure amounts due are collected, and determine if any amounts are uncollectible.

Similar conditions
previously reported
Recommendations

Similar conditions to sections 3.1 and 3.2 were noted in our prior 2 audit reports.

The Prosecuting Attorney:

- 3.1 Perform complete and accurate bank reconciliations and reconcile the bank balance to monthly lists of liabilities, ensuring any differences are investigated and promptly resolved.
- 3.2 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the amount should be disbursed in accordance with state law.
- 3.3 Establish procedures to monitor and collect accounts receivable.

Auditee's Response

The current Prosecuting Attorney (Jeff McCormick) provided the following responses:

- 3.1 *We will implement this recommendation by June 2016.*
- 3.2 *We will work toward implementing this recommendation by December 2016.*
- 3.3 *We will periodically review the list of unpaid restitution and determine amounts that are collectible and uncollectible, and implement collection procedures.*

The former Prosecuting Attorney (Stephen Sokoloff) provided the following responses:

- 3.1 *I am not able to identify the source of the shortfall. I am aware that there was a period of time when the automated payment system was not issuing all of the checks that it was showing it had issued. When this was discovered, a request was made to Karpel, the software provider, to review the system operations and assist in providing correct information about which checks had actually been issued and which had not. Although I cannot state with certainty, (since the company was never able to provide the corrected list and we had to attempt contact with all indicated recipients to determine whether particular checks had been issued) I am confident there were some*



Dunklin County
Management Advisory Report - State Auditor's Findings

that we could not make any determination about. I agree that the shortage needs to be identified and corrected.

3.2 *There was only a limited ability to follow outstanding checks. There were no stop payment orders issued to the bank on stale checks because there was no source of funding to pay the bank fees for those. The funds in the account were obligated restitution funds that would have become unavailable to use for their designated purpose if they were used to pay bank fees for stop payments. The limits of available time and personnel precluded the substantial personnel/time it would have taken to achieve the limited success in trying to locate payees who moved without providing the office new addresses or accurate telephone numbers. Requests were made to the software provider to enable the program to create monthly reports of outstanding checks over 60 days old. When I left, this feature had not yet been completed. I agree that steps should be taken to identify old checks with payees that cannot be located and the funds represented by these be turned over as unclaimed property.*

3.3. *Although no monthly reports of delinquent restitution cases was obtained, the Prosecutor's office did obtain regular monthly reports of all defendants who were six months from expiring from their original term of probation. These were then checked against the restitution balances, and if there were delinquencies or if the balance was such that the payments being made were not sufficient to satisfy outstanding balances, a Motion to Revoke Probation or to extend the term of probation was filed with the court. In a large number of cases, the court issued warrants for those defendants, some of which are still outstanding, some of which were served and the defendant's probation was revoked, and some in which the court took no action.*

I fully agree with the need for regular review of outstanding/overdue accounts receivable. Such a review would have the significant additional benefit of clearing up much of the duplicative and erroneous entries and remove files that were closed due to no possibility of collection. This would reduce the total of outstanding uncollected accounts shown on the report that was run and reduce it to a mere fraction of the indicated total.

4. One-Time Salary Payments

As similarly noted in our prior audit, the county made one-time payments in lieu of permanent cost of living adjustments (COLAs) to employees and elected officials that may be in conflict with the Missouri Constitution. These payments totaled \$50,117 for 2014.



Dunklin County
Management Advisory Report - State Auditor's Findings

The county paid \$650 to each full-time employee and elected official.¹ Part-time employees were paid a percentage of \$650 based on the number of hours worked during the year. The payments were prorated if the employee or official had not worked a full year for the county at the time the payments were made in January 2014. The payments were not based on additional duties performed or performance appraisals. In addition, the payments were not considered raises or added to the base compensation of employees. The County Commission indicated COLAs were handled in this manner to be fiscally responsible by not permanently increasing employee salaries and waiting until each budget year had ended to determine how much the county could afford to pay each employee. These payments are made in January of each year based on the prior year's fiscal outcome. One-time salary payments were also made in January 2015 and January 2016, totaling \$35,401 and \$58,692, respectively.

Awarding additional pay to employees and officials on a discretionary basis conflicts with Article III, Section 39, Missouri Constitution, which prohibits granting any extra compensation, fee, or allowance to employees for services already rendered. In addition, Section 50.333.12, RSMo, allows a COLA that is the same percentage for all county officials; however, since most county officials' salaries are not the same, the one-time payment amounts would constitute different percentages of the elected officials' salaries and could be a violation of state law.

Recommendation

The County Commission discontinue one-time payments in lieu of COLA salary increases to employees and ensure employee compensation is in compliance with state law.

Auditee's Response

We will take this recommendation under advisement.

¹ The Prosecuting Attorney did not receive this \$650 payment because his salary is set by law to be equal to that of an associate circuit judge.

Dunklin County

Organization and Statistical Information

Dunklin County is a township-organized, third-class county. The county seat is Kennett.

Dunklin 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, 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 84 full-time employees (including elected officials) and 18 part-time employees on December 31, 2014. The townships maintain county roads.

In addition, county operations include the Senate Bill 40 Board and the 911 Board.

Elected Officials

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

Officeholder	2015	2014
Don Collins, Presiding Commissioner	\$	33,030
Jeanie Herbst, Associate Commissioner		30,350
Patrick McHaney, Associate Commissioner		30,350
Susan Luce, Recorder of Deeds		45,650
Carol Hinesly, County Clerk		45,650
Stephen P. Sokoloff, Prosecuting Attorney		125,287
Bob Holder, Sheriff		50,650
James B. Powell, County Coroner		16,650
Shawnee L. Trowbridge, Public Administrator		45,650
Kathy Rasberry, County Collector-Treasurer (1), year ended March 31,	53,980	
Karen Vandiver, County Assessor, year ended August 31,		44,983

(1) Includes \$8,380 of commissions earned for collecting drainage district property taxes.