



Office of Missouri State Auditor  
**Nicole Galloway, CPA**

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**Maries County**



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Maries County

Sales Taxes	The county has imposed 2 sales taxes, totaling 1-cent, which exceeds the statutory maximum allowed for general sales taxes authorized by Section 67.547, RSMo, by 1/2-cent. The County Commission has not consistently, nor accurately, identified the purpose or the statutory authority when renewing the 1/2-cent general sales tax originally passed by voters in November 2001.
Sheriff's Controls and Procedures	The Sheriff has not adequately segregated accounting duties and does not perform an adequate supervisory review of detailed accounting and bank records. Sheriff's office personnel did not prepare monthly bank reconciliations and lists of liabilities or maintain book balances for the civil account or bond account during the year ended December 31, 2016, and through February 2017. The Sheriff does not ensure fees collected for the civil account are deposited and disbursed timely. The Sheriff has not entered into written agreements with local cities or surrounding counties for the boarding of prisoners, detailing the prisoner housing rate to be paid, the services to be provided, or any required notification for emergency or non-routine situations. The Sheriff has not established adequate procedures to monitor civil paper service fees to ensure the timely collection of amounts billed and the timely refunding of any amounts owed.
Sheriff's Commissary Controls and Procedures	The Sheriff has not adequately segregated accounting duties and does not perform an adequate supervisory review of detailed accounting and bank records. Sheriff's office personnel do not prepare a monthly list of liabilities for the commissary bank account, and consequently, liabilities are not reconciled to the available cash balance at the time the bank reconciliation is prepared. Commissary inventory records are not accurate, access to commissary inventory is not restricted, and deputies are allowed to purchase commissary items. Commissary net proceeds are not deposited into the county's Inmate Prisoner Detainee Security Fund as required by state law. The Sheriff's office does not charge or collect sales taxes on commissary sales, and no sales taxes are remitted to the Department of Revenue. The Sheriff's office does not have adequate procedures to ensure all inmate monies are refunded upon release.
Property Tax System	As noted in at least our 5 prior audit reports, neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector.
County Assessor's Controls and Procedures	County Assessor's office personnel do not issue receipt slips for all monies received. The County Assessor's review of the accounting records is not documented and does not effectively ensure monies received have been properly recorded. The method of payment is not always indicated on receipt slips and checks are not restrictively endorsed immediately upon receipt.
Capital Assets	As noted in at least our 5 prior audit reports, procedures and records to account for county property are not adequate. In addition, the county does not have adequate procedures in place to identify capital asset purchases and dispositions throughout the year.

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.
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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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## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

To the County Commission  
and  
Officeholders of Maries County

We have audited certain operations of Maries 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 Maries County for the 2 years ended December 31, 2016. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2016. The objectives of our audit were to:

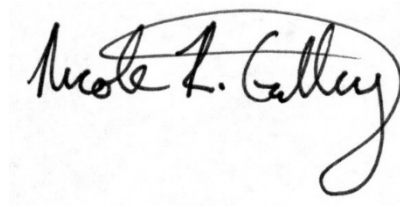
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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 applicable contract, grant agreement, 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 Maries County.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is fluid and cursive, with a large loop at the end of the last name.

Nicole R. Galloway, CPA  
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Robyn Vogt, M.Acct., CPA
In-Charge Auditor:	Steven Barton
Audit Staff:	Albert Borde-Koufie, MBA
	Devin Jackson

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# Maries County

## Management Advisory Report

### State Auditor's Findings

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#### 1. Sales Taxes

We identified concerns related to the county's general sales taxes.

##### 1.1 Excess general sales tax

The county has imposed 2 sales taxes, totaling 1-cent, which exceeds the statutory maximum allowed for general sales taxes authorized by Section 67.547, RSMo, by 1/2-cent. County records provide the following information:

- In April 1990, voters approved a 1/2-cent general sales tax under Section 67.547, RSMo. This sales tax is used for general operations, road and bridges, and law enforcement, and does not have an expiration date. The county received approximately \$280,000 in 2016 from this tax, which was allocated 1/3 to the General Revenue Fund, 1/3 to the Road and Bridge Funds, and 1/3 to the Citizens Safety Fund.
- In November 2001, voters approved an additional 1/2-cent general sales tax under Section 67.547, RSMo, for a period of 5 years. It was renewed by voters in August 2006 for a period of 10 years and again in April 2016, and has a current expiration date of December 31, 2026. This sales tax is also used for general operations, road and bridges, and law enforcement. The county received approximately \$280,000 in 2016 from this tax, which was allocated 1/6 to the General Revenue Fund, 1/6 to the Road and Bridge Funds, and 2/3 to the Citizens Safety Fund.

Based on the ballot language and the county's supporting election documentation provided to the state Department of Revenue (DOR), the DOR recognizes each of the sales taxes under Section 67.547, RSMo, as the statutory authority. This section allows counties to impose a rate of 1/8, 1/4, 3/8, or 1/2-cent. Although there is no provision against having 2 sales taxes under this section, the total sales tax rate cannot exceed 1/2-cent. Attorney General's Opinion 61-1989 (March 22, 1989) states a county cannot exceed the 1/2-cent tax rate. Therefore, the county had already reached its statutorily-imposed maximum general sales tax rate with the original sales tax passed in April 1990. The additional general sales tax passed in November 2001, and renewed in August 2006 and April 2016, caused the county to exceed the statutorily-imposed maximum.

This condition was first noted in our prior audit report issued for the 2 years ended December 31, 2000 (Report No. 2002-04, *Maries County*, issued in January 2002), and also noted in the prior audit report issued for the 2 years ended December 31, 2002 (Report No. 2003-84, *Maries County*, issued in August 2003). Our follow up to these past recommendations (Report No. 2005-92, *Maries County*, issued in December 2005) indicated the status as not implemented. At that time, the county had not passed any additional sales taxes, and the 2001 sales tax had not expired or been renewed. The sales tax continued to be distributed as it was presented to the voters on the November 2001 ballot. With the sales tax renewal in August 2006, the



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## 1.2 Improper sales tax procedures

County Commission attempted to change the statutory authority; however, the process followed was not proper (see section 1.2).

The County Commission has not consistently, nor accurately, identified the purpose or the statutory authority when renewing the 1/2-cent general sales tax originally passed by voters in November 2001 (see section 1.1). The ballot for the November 2001 sales tax indicated its purpose as maintaining and improving the services provided to the citizens of Maries County. The revenue from this sales tax was allocated to the General Revenue Fund, the Road and Bridge Funds, and the Citizens Safety Fund.

The ballot for the sales tax renewal in August 2006 asked voters to continue to impose a countywide sales tax at the rate of 1/2-cent for a period of 10 years, for road maintenance and citizen safety. The county's notice of election approved by the County Commission stated the sales tax was authorized pursuant to Sections 67.700 and 67.582, RSMo. However, these state statutes authorize capital improvement sales taxes and law enforcement sales taxes, respectively, and cannot be combined in the same ballot measure. In addition, when the county notified the DOR of the renewal and the change in authorizing statutes, the DOR responded by letter that the county had extended its existing 1/2-cent sales tax as previously enacted pursuant to Section 67.547, RSMo, and no change was made to the authorizing statutes. The DOR also suggested the county contact legal counsel concerning the proper statutory authority for future notices of election. The county did not question or follow-up with the DOR. The change in authorizing statutes may have been an attempt to resolve the excess general sales tax issue noted in section 1.1 and previously brought to the county's attention. In addition, even though the August 2006 ballot did not include the purpose of general county operations, the county continued to use a portion of the sales tax revenues for general county purposes by allocating the sales tax revenues among the General Revenue Fund, the Road and Bridge Funds, and the Citizens Safety Fund.

The ballot for the sales tax renewal in April 2016 again asked voters to continue to impose a countywide sales tax at the rate of 1/2-cent for a period of 10 years, for road maintenance, citizen safety and general operations. While this ballot included the purpose of general operations, the county's notice of election approved by the County Commission again stated the sales tax was authorized pursuant to Sections 67.700 and 67.582, RSMo. The county did not contact legal counsel regarding proper statutory authority as suggested by the DOR following the 2006 sales tax renewal, and the DOR continues to classify the 2016 renewal as a general sales tax. The county also continued to allocate the sales tax revenues among the General Revenue Fund, the Road and Bridge Funds, and the Citizens Safety Fund. While county officials have attempted to change the authorizing statutes from the original general sales tax passed in November 2001, they



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have done so improperly, while also continuing to use this sales tax as a general sales tax.

"It has long been the law of Missouri that doubleness in propositions submitted to voters in bond elections is to be condemned to prevent the yoking together of distinct things to the end that the two combined may attract a majority of the voters when neither separately might be able to do so." *Henkel v. City of Pevely*, 504 S.W.2d 141, 146-47 (Mo. App. 1973). As discussed in Attorney General's Opinion 97-1999 (June 4, 1999), two distinct propositions cannot be combined together. Because Section 67.700, RSMo, relates to capital improvement sales taxes and Section 67.582, RSMo, relates to law enforcement sales taxes, these state statutes have different purposes and cannot be combined in the same ballot measure. To ensure consistency and propriety of ballot language, sales tax purposes, and statutory authority, the County Commission should consult with legal counsel regarding any future sales taxes proposed to voters.

## Recommendation

The County Commission review the current sales taxes imposed, research the statutory requirements for current sales taxes, ensure sales tax levies do not exceed statutory limits, and ensure ballot language, purpose of sales taxes, and statutory authority are consistent and proper, prior to submitting any future sales tax proposals to voters for approval.

## Auditee's Response

*When the general sales tax is up for renewal in 2026, we will review all sales taxes imposed, and work with legal counsel to research statutory requirements to ensure any future sales taxes do not exceed statutory limits. We will also ensure the ballot language, purpose of sales taxes, and statutory authority are consistent for any future sales taxes submitted to voters.*

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## 2. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The Sheriff's office processed receipts for bonds, conceal carry weapon (CCW) permits, civil paper service, prisoner board, and other miscellaneous receipts totaling approximately \$110,900 during the year ended December 31, 2016.

### 2.1 Segregation of duties and supervisory review

The Sheriff has not adequately segregated accounting duties and does not perform an adequate supervisory review of detailed accounting and bank records. The office clerk is primarily responsible for the civil account and a deputy is primarily responsible for the bond account. Each employee is responsible for receipting, recording, and depositing monies; making disbursements; and preparing the monthly bank reconciliation for the account assigned. The Sheriff indicated he performs quarterly reviews of monthly bank reconciliations, but these reviews are not documented. In addition, no review of the accounting records is performed to ensure monies received have been properly recorded, deposited, and disbursed.



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Proper segregation of duties is necessary to ensure 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 detailed accounting and bank records are essential and should include comparing daily receipt activity to deposits.

## 2.2 Bank reconciliations and liabilities

Sheriff's office personnel did not prepare monthly bank reconciliations and lists of liabilities or maintain book balances for the civil account or bond account during the year ended December 31, 2016, and through February 2017. Due to employee turnover, responsibilities for the civil account and bond account were assigned to different employees beginning in March 2017, and procedures improved. Cumulative book balances are now maintained for both accounts and bank reconciliations are now prepared for both accounts.

However, a list of liabilities is not prepared for either account and reconciled with cash balances. As of March 31, 2017, the reconciled civil account balance was \$3,346. We identified known liabilities totaling \$1,486, leaving an unidentified balance of \$1,860. The bond account bank balance was \$0 as of March 31, 2017, and no known liabilities existed for this account.

Performing monthly bank reconciliations, preparing monthly lists of liabilities, and maintaining cumulative book balances helps ensure receipts and disbursements have been properly handled and recorded, and increases the likelihood errors will be identified and corrected 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. Various statutory provisions provide for the disposition of unidentified monies.

## 2.3 Deposits and disbursements

The Sheriff does not ensure fees collected for the civil account are deposited and disbursed timely. For example, fees collected for CCW permits in May 2016, totaling \$1,315, were not deposited until August 2016. In addition, collections for CCW permits, civil paper service fees, and other miscellaneous receipts for August 2015 through November 2015, were not disbursed until December 2015.

Timely deposit and disbursement of fees collected is necessary to provide adequate controls over account balances and increase the likelihood discrepancies are promptly detected. Sections 50.360 and 50.370, RSMo, require all county officials who receive fees or any other remuneration for official services to pay such monies monthly to the County Treasurer. In



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addition, pursuant to Section 50.380, RSMo, the Sheriff may be subject to penalties for failure to timely disburse monies.

### 2.4 Written agreements

The Sheriff has not entered into written agreements with local cities or surrounding counties for the boarding of prisoners, detailing the prisoner housing rate to be paid, the services to be provided, or any required notification for emergency or non-routine situations. While most inmates are held for local cities, the county holds some inmates for other counties and other counties will occasionally hold inmates for Maries County. The county collected approximately \$39,500 for the boarding of prisoners during the year ended December 31, 2016.

Written agreements, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written agreements are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires agreements for political subdivisions to be in writing.

### 2.5 Civil paper service fees

The Sheriff has not established adequate procedures to monitor civil paper service fees to ensure the timely collection of amounts billed and the timely refunding of any amounts owed. Approximately \$16,100 in civil paper service fees and mileage was collected for the year ended December 31, 2016.

The Sheriff's office typically collects a fee prior to performing civil paper service, and sends a bill for any additional mileage and any remaining fees once the papers have been served. Records of civil papers served and fees assessed are maintained on fee sheets and receipt ledgers. Sheriff's office personnel record on these documents the amount initially received and the remaining amount to be collected or refunded. However, no follow up is performed to ensure all billed amounts have been collected and any refunds owed have been paid. As a result, an accounts receivable balance or balance of refunds owed cannot be determined.

In addition, we identified 25 non-sequential blank checks from the civil bank account located haphazardly within the civil paper service records. Sheriff's office personnel could not provide a specific explanation for these blank checks. However, it is possible the checks were intended for refunds, but were never completed, thus contributing to the unidentified balance in the civil bank account (see section 2.2).

To ensure timely collection of amounts billed and refunding of amounts owed, the Sheriff should maintain a complete and accurate list of all civil paper service fees and mileage amounts billed and refunds owed. Unpaid



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amounts should be monitored and appropriate follow-up action taken to ensure all billed amounts are received and any refunds are disbursed.

Similar conditions  
previously reported

A similar condition to section 2.2 was noted in at least our five prior audit reports and similar conditions to sections 2.1 and 2.5 were noted in our prior audit report.

## Recommendations

The Sheriff:

- 2.1 Segregate accounting duties or ensure documented supervisory reviews of detailed accounting and bank records are performed.
- 2.2 Ensure monthly bank reconciliations and lists of liabilities are prepared and reconciled, and maintain cumulative book balances for all bank accounts. Any differences between accounting records and reconciliations should be promptly investigated and resolved. In addition, if any monies remain unidentified, the monies should be disbursed in accordance with state law.
- 2.3 Ensure receipts are deposited timely and fees are disbursed monthly in accordance with state law.
- 2.4 Enter into written agreements with other political subdivisions as appropriate.
- 2.5 Establish procedures to track, monitor, and pursue collection of civil paper service fees and mileage, and ensure any refunds are properly disbursed.

## Auditee's Response

- 2.1 *The recommendations made have been performed, and accounting duties are now segregated with myself and another supervisor doing reviews of such work.*
- 2.2 *Both clerks have now been preparing monthly bank reconciliations that are being reviewed monthly. These reviews are being conducted by myself and another supervisor. Comparison of liabilities are also being reviewed by both myself and another supervisor.*
- 2.3 *Collected fees are being disbursed as soon as possible and every attempt will be made not to be later than 30 days, and if they are, it is to be documented as to why.*
- 2.4 *I have mailed letters providing boarding rates and booking fees to all agencies for which I regularly house inmates, and if changes are made, the agencies will be notified prior to any increases in fees.*



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*Such fees are also posted at the Sheriff's office. However, I will continue to notify agencies of the fees and will enter into written agreements.*

2.5 *Civil process has been taken over by a new clerk and her procedures to monitor civil paper service fees meet the audit recommendations. Follow-ups and reviews will be conducted on a regular basis. The procedures will continue and will be monitored by a supervisor and myself.*

### 3. Sheriff's Commissary Controls and Procedures

Controls and procedures over the Sheriff's commissary need improvement. The Sheriff operates a jail and provides an in-house commissary for inmates to purchase various snacks and personal items. The Sheriff indicated the jail holds an average of 9 inmates on a daily basis. When monies are received on behalf of an inmate or a purchase from the commissary is made, the amount is posted to the inmate's account in the computer system. Commissary sales proceeds disbursed to the County Treasurer totaled approximately \$10,500 during the year ended December 31, 2016.

#### 3.1 Segregation of duties and supervisory review

The Sheriff has not adequately segregated accounting duties and does not perform an adequate supervisory review of detailed accounting and bank records. One employee is primarily responsible for receipting, recording, and depositing monies; making disbursements; and preparing the monthly bank reconciliation for the commissary account. The Sheriff indicated he performs quarterly reviews of monthly bank reconciliations, but these reviews are not documented. In addition, no review of the accounting records is performed to ensure monies received have been properly recorded, deposited, and disbursed.

Proper segregation of duties is necessary to ensure 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 detailed accounting and bank records are essential and should include comparing daily receipt activity to deposits.

#### 3.2 Liabilities

Sheriff's office personnel do not prepare a monthly list of liabilities for the commissary bank account, and consequently, liabilities are not reconciled to the available cash balance at the time the bank reconciliation is prepared. As of May 15, 2017, the reconciled commissary account balance was \$804. Liabilities consist of commissary sales proceeds not disbursed to the County Treasurer and inmate balances held. While Sheriff's office personnel indicated a list of inmate balances is reviewed, this list is not generated at the same time as the bank statement, and no procedures are performed to reconcile all liabilities to the account balance.



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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. Further, various statutory provisions provide for the disposition of unidentified monies.

A similar condition was noted in our prior audit report.

### 3.3 Inventory records and accessibility

Commissary inventory records are not accurate and access to commissary inventory is not restricted. The deputy in charge of commissary items does not maintain accurate records of inventory purchased, sold, and inventory remaining on hand. We performed a test of 10 commissary items on May 22, 2017, and noted the quantity on hand did not agree to the inventory records for 6 of the items tested (60 percent), as noted in the following table:

Item	Quantity On Hand	Recorded Quantity	Quantity Difference	Sale Value	Overage/ (Shortage)
E-cigarettes	67	84	(17)	\$ 10.00	\$ (170.00)
Frozen dinners	20	47	(27)	6.00	(162.00)
Frozen breakfasts	36	47	(11)	4.00	(44.00)
Snack cakes	2	5	(3)	1.00	(3.00)
Hair comb	15	13	2	0.50	1.00
Instant coffee singles	252	245	7	0.35	2.45
Total					\$ (375.55)

The Sheriff indicated the difference in e-cigarettes is because some of them are faulty and need to be exchanged. He also indicated the frozen breakfasts and dinners are also provided as meals for the inmates and are not tracked separately from the inventory available for purchase and the usage of these meals is estimated when reporting results into the computer system. As a result, an accurate quantity of meals that should be on hand cannot be determined.

The Sheriff's office does not perform a periodic physical inventory of commissary items on hand and reconcile to the system records of commissary inventory. In addition, access to commissary inventory is not restricted and all Sheriff's office personnel have access to commissary items.

#### Deputy purchases

The Sheriff allows deputies to purchase commissary items. The Sheriff's office receipts monies from the deputies and posts these receipts to a general deputy account in the computer system, and all such receipts and subsequent purchases by the various deputies are processed through this general deputy account. Commissary records generally do not identify the specific deputy monies are received from or which deputy purchased an item. Some transaction descriptions identified the deputy making the purchase, but this



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

procedure is not consistently followed, preventing proper identification and ownership of the balance in the account. According to the commissary records, deputy purchases of commissary items totaled approximately \$1,670 during the year ended December 31, 2016.

Loss, theft, or misuse of the commissary inventory and related monies may go undetected without adequate inventory records and procedures. Detailed inventory records are necessary to adequately account for commissary inventory. Comparison of a periodic physical inventory to system inventory records is necessary to ensure commissary items and associated monies are properly recorded and handled. Additionally, the commissary is intended for the benefit of the inmates and the Sheriff should consider discontinuing allowing deputies to purchase commissary items.

**3.4 Commissary net proceeds** Commissary net proceeds are not deposited into the county's Inmate Prisoner Detainee Security Fund as required by state law. The County Treasurer deposits all commissary sales proceeds, which includes original cost of the items sold and any net proceeds earned, into the Special Sheriff Fund. The Sheriff does not track the amount of commissary net proceeds earned on commissary sales, and no amounts are transferred from the Special Sheriff Fund to the Inmate Prisoner Detainee Security Fund.

Section 221.102, RSMo, requires each county jail to keep revenues from its 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 Treasurer. In addition, Section 488.5026.3, RSMo, mandates how the funds shall be expended.

**3.5 Sales tax** The Sheriff's office does not charge or collect sales taxes on commissary sales, and no sales taxes are remitted to the DOR. Pursuant to 12 CSR 10-110.955(3)(B), sales by the state of Missouri and its political subdivisions are subject to tax.

The Sheriff should contact the DOR for guidance on establishing procedures for charging and collecting sales taxes on commissary sales and ensure all future sales tax collections are remitted to the DOR.

**3.6 Inmate refunds** The Sheriff's office does not have adequate procedures to ensure all inmate monies are refunded upon release. As of June 3, 2017, the Sheriff's office was holding approximately \$590 for 47 former inmates in the commissary bank account. They had not received their remaining balance when released. Office personnel indicated that will only occur if applicable personnel are available to process the transaction at the time of release. Refunds are not



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mailed unless requested. Instead the balance remains in the account for the former inmate to use if he/she returns to jail.

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

## Recommendations

The Sheriff:

- 3.1 Segregate accounting duties or ensure documented supervisory reviews of detailed accounting and bank records are performed.
- 3.2 Prepare a monthly list of liabilities and reconcile the list to the available cash balance. Any differences between accounting records and reconciliations should be promptly investigated and resolved. In addition, if any monies remain unidentified, the monies should be disbursed in accordance with state law.
- 3.3 Maintain accurate commissary transaction records and reconcile these records to inventory purchased and sold. Conduct a periodic physical inventory count and reconcile the inventory on hand to the inventory records. In addition, limit access to commissary inventory and consider discontinuing allowing deputies to purchase commissary items.
- 3.4 Ensure existing and future commissary net proceeds not necessary to meet cash flow needs or current operating expenses are disbursed to the County Treasurer for deposit in the Inmate Prisoner Detainee Security Fund.
- 3.5 Contact the DOR for guidance on establishing procedures for charging and collecting sales taxes on commissary sales and ensure all future sales tax collections are remitted to the DOR.
- 3.6 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.

## Auditee's Response

- 3.1 *This recommendation has already been implemented.*
- 3.2 *These recommendations have already been implemented. The reconciliations will be reviewed by a supervisor and myself.*



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- 3.3 *These recommendations have already been implemented and inventories will be documented and conducted on a monthly and random basis by a supervisor. Employee purchases have been eliminated from the commissary program.*
- 3.4 *These recommendations have already been implemented.*
- 3.5 *I have contacted legal counsel and the DOR, and this is currently being reviewed. I am aware of other agencies that do not collect sales tax. If it is determined that we are required to collect sales tax, we will follow the guidance given.*
- 3.6 *As requested, we will mail refunds or make efforts to ensure inmates can pick up the monies upon release.*

## 4. Property Tax System

As noted in at least our 5 prior audit reports, neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector, who processed property tax monies of approximately \$6.5 million during the year ended February 28, 2017. The County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes. In addition, the County Clerk and the County Commission do not perform adequate procedures to verify the accuracy and completeness of the County Collector's annual settlements. As a result, there is an increased risk of loss, theft, or misuse of property tax monies going undetected.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records that summarize 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 would help the County Clerk ensure taxes charged and credited to the County Collector are complete and accurate and could also be used by the County Clerk and the County Commission to verify the County Collector's annual settlements. In addition, Section 139.190, RSMo, requires the County Commission to carefully and fully examine the annual settlement of the County Collector. Such procedures are intended to establish checks and balances related to the collection of property taxes.

## Recommendation

The County Clerk maintain an 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.

## Auditee's Response

*We have started maintaining an account book and we will use this account book to review the County Collector's annual settlement.*



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## 5. County Assessor's Controls and Procedures

Controls and procedures in the County Assessor's office need improvement. The office transmitted approximately \$4,970 to the County Treasurer for the collection of maps, copies, and electronic data access during the year ended December 31, 2016.

An April 3, 2017, cash count and review of the County Assessor's office receipt slips, transmittal reports, and County Treasurer receipt slips identified various concerns.

- Office personnel do not issue receipt slips for all monies received. For the year ended December 31, 2016, receipts totaling \$4,679 were included on the transmittal reports, but not receipted by County Assessor's office personnel. Therefore, of the total \$4,970 transmitted for the year, only \$291 (less than 6 percent) was recorded on receipt slips.
- The County Assessor's review of the accounting records is not documented and does not effectively ensure monies received have been properly recorded. In addition, the County Assessor does not account for the numerical sequence of receipt slips. Even though few receipt slips were issued during 2016, we noted 5 missing receipt slips, 2 skipped receipt slips, and receipt slips issued out of sequence.
- The method of payment (cash, check, or money order) is not always indicated on receipt slips. We noted 26 percent of the receipt slips issued in 2016 did not indicate method of payment.
- Checks are not restrictively endorsed immediately upon receipt. Endorsement is applied by the County Treasurer after the checks have been transmitted to her.

To reduce the risk of loss, theft, or misuse of monies received going undetected, procedures should be established to ensure all monies received are properly receipted and transmitted.

## Recommendation

The County Assessor issue prenumbered receipt slips for all monies received, indicate the method of payment on all receipt slips, and restrictively endorse checks immediately upon receipt. In addition, perform a documented review of the accounting records ensuring the numerical sequence of receipt slips is accounted for and the composition of receipts is reconciled to the composition of amounts transmitted.

## Auditee's Response

*In response to your recommendations for the County Assessor's office, I have instructed employees to issue a receipt slip for all payments whether the customer wants one or not and to complete all parts of the receipt slip to include method of payment.*



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*On the document where I record all monies received and to be transmitted, I have added a column for the receipt number, so that each receipt slip can be confirmed to the monies being transmitted. I am reconciling this report twice each month.*

*I have also purchased and am now using an endorsement stamp for all checks written to the County Assessor's office.*

*I have also purchased a lockable cash box which was mentioned to me as a suggestion but not required.*

*Since the writing of receipt slips is new to this office in the last 4 years, I was unaware that these things needed to be done. I simply continued the practices that were in place when I took over this office. I have corrected all of the issues brought to my attention and am willing to continue to improve the procedures necessary to run this office.*

## 6. Capital Assets

As noted in at least our 5 prior audit reports, procedures and records to account for county property are not adequate. In addition, the county does not have adequate procedures in place to identify capital asset purchases and dispositions throughout the year. As a result, the county's capital asset records are not complete and up to date. In 2014, the County Clerk sent a request to all county officials to conduct an annual inventory and submit an inventory report to the County Clerk's office by October 10th in accordance with state law. However, the 2014 annual inventory was never completed because some officials did not return their inventory reports, and an annual inventory for 2015 and 2016 was not attempted.

Adequate capital asset records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Procedures to track capital asset purchases and dispositions throughout the year and compare that information to physical inventory results would enhance the county's ability to account for capital assets and potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Section 49.093, RSMo, provides that the officer or designee of each county department is responsible for performing annual inspections and inventories of county property used by that department and for submitting an inventory report to the County Clerk.

## Recommendation

The County Commission and the County Clerk work with other county officials to ensure complete and accurate inventory records are maintained and annual physical inventories are conducted, and implement procedures for tracking capital asset purchases and dispositions throughout the year.

## Auditee's Response

*We will work with other county officials to update the inventory records, track purchases and dispositions, and conduct an annual physical inventory.*

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# Maries County

## Organization and Statistical Information

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Maries County is a county-organized, third-class county. The county seat is Vienna.

Maries 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. In addition to elected officials, the county employed 48 full-time employees and 27 part-time employees on December 31, 2016.

### Elected Officials

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

Officeholder	2017	2016
Ray Schwartze, Presiding Commissioner	\$	28,175
Ed Fagre, Associate Commissioner		26,094
Douglas Drewel, Associate Commissioner		26,094
Mark Buschmann, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Rhonda Brewer, County Clerk		39,535
Terry D. Schwartze, Prosecuting Attorney		46,818
Harold Chris Heitman, Sheriff		43,712
Rhonda Slone, County Treasurer		39,535
David H. Martin, County Coroner		11,444
Eugene J. Meyer, Public Administrator		28,210
Jayne Helton, County Collector (2), year ended February 28,	40,441	
Dana Simmons, County Assessor, year ended August 31,		39,194

(1) Compensation is paid by the state.

(2) Includes \$828 of commissions earned for collecting city property taxes.