

The seal of the Missouri State Auditor is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "JUSTICE WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom.

Nicole Galloway, CPA

Missouri State Auditor

Howard County

Report No. 2020-022

May 2020

auditor.mo.gov



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Howard County

| | |
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| Sunshine Law | The County Commission does not ensure minutes of all County Commission meetings are prepared, approved timely, and available for public access. In addition, the minutes did not always document votes taken, as required. |
| Public Administrator's Annual Settlements | The Public Administrator does not always file annual settlements or status reports timely. |
| County Collector's Commissions | Personal commissions paid to the County Collector for collecting property taxes for cities are not reported to the Internal Revenue Services by the county or applicable cities. |
| 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 **Good**.*

*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

County Commission
and
Officeholders of Howard County

We have audited certain operations of Howard County in fulfillment of our duties under Section 29.230, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2019. The objectives of our audit were to:

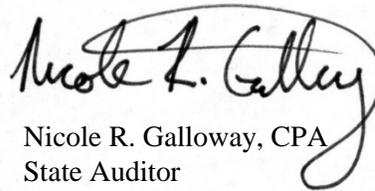
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 control that is significant to the audit objectives and assessed the design and implementation of such internal control to the extent necessary to address our audit objectives. 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 Howard County.



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: | Lori Melton, M.Acct., CPA |
| In-Charge Auditor: | Michelle Pummill, CFE |
| Audit Staff: | Sherrye Lesmes John J. Thompson |

Howard County Management Advisory Report State Auditor's Findings

1. Sunshine Law

The county's procedures for complying with the Sunshine Law and maintaining minutes of meetings need improvement. The County Commission generally met 3 times a week during the year ended December 31, 2019.

The County Commission does not ensure minutes of all County Commission meetings are prepared, approved timely, and available for public access. The County was unable to provide us with signed and approved County Commission minutes for meetings held during the year ended December 31, 2019. The County Commission provided rough drafts of minutes for these meetings; however, the drafts did not contain all necessary information. The drafts did not include the date, time, and place of meetings or the members present and absent, as required by law. Also, the minutes did not always document votes taken, as required. Neither the County Clerk nor the County Commission could explain why official minutes were not prepared for the 2019 County Commission meetings.

Section 610.020.7, RSMo, requires minutes of meetings be maintained as a record of business conducted and to provide an official record of actions and decisions, including the date, time, place, members present, members absent and a record of any votes taken. The meeting minutes should be signed by the preparer and subsequently approved by the County Commission to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the meetings.

Recommendation

The County Commission ensure meeting minutes are prepared, include all necessary information, are approved timely, and are maintained for all meetings. In addition, the County Commission should ensure meeting minutes are signed by the preparer and the County Commission.

Auditee's Response

The County Commission minutes are going to state how each County Commissioner voted, and no longer state that the vote passed unanimously. The minutes will include members that are present and the time the meeting begins. The County Commissioners are going to turn over to the County Clerk's office notes of meetings at least weekly to be typed and made ready for public request.

2. Public Administrator's Annual Settlements

The Public Administrator does not always file annual settlements or status reports timely. The Public Administrator is the court-appointed personal representative for wards or decedent estates of the Circuit Court, Probate Division. The Public Administrator's office was responsible for 84 wards and estates during the year ended December 31, 2019.

During our review of 80 cases with annual settlements or status reports due in 2019, annual settlements or status reports were not filed timely for 19 of the cases (24 percent). Annual settlements and status reports filed (or still due)



Howard County
Management Advisory Report - State Auditor's Findings

for these 19 cases ranged from 2 to 113 days after the due date, as of our review on March 12, 2020. The Public Administrator records the due dates for the annual settlements and status reports in her case management software. In addition, the Circuit Court, Probate Division Clerk sends a notice to the Public Administrator when an annual settlement or status report is due. Even with these procedures, the Public Administrator said the annual settlements and status reports are not filed timely because of staff turnover and other personal responsibilities.

Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement or status report with the court for each ward or estate. Timely filing of settlements and status reports is necessary for the court to properly oversee the administration of cases and to reduce the possibility that errors, loss, theft, or misuse of funds will occur and go undetected.

Recommendation

The Public Administrator file annual settlements and status reports timely.

Auditee's Response

The Public Administrator kept the Probate Judge informed of the status of each case and the difficulties of completing tasks timely due to staff turnover. The Public Administrator will make every effort to complete and file the annual settlements and status reports timely going forward. Now that there is a reliable and permanent staff member, the Public Administrator should have more time to dedicate to annual settlements and status reports.

3. County Collector's Commissions

Personal commissions paid to the County Collector for collecting property taxes for cities are not reported to the Internal Revenue Services (IRS) by the county or applicable cities. The County Collector processed property tax collections totaling approximately \$9.5 million during the year ended February 29, 2020.

The County Collector was personally paid commissions for the collection of city taxes totaling \$8,310 each year for the years ended February 28, 2019, and February 29, 2020. Since these payments were not processed through the county payroll system, they were not reported on the County Collector's W-2 forms, appropriate payroll taxes were not withheld, and the employer's share of payroll taxes was not paid. IRS regulations require individuals treated as employees to have all compensation reported on W-2 forms.

To ensure all compensation is properly reported and taxed, all compensation should be paid through the normal county payroll process. The failure to properly report and tax all wages could result in penalty and interest charges assessed against the county.

Recommendation

The County Collector ensure all compensation is paid through the county's normal payroll process, properly taxed, and reported to the Internal Revenue Service.



Howard County
Management Advisory Report - State Auditor's Findings

Auditee's Response

The County Commission and County Collector have decided to include city commissions through the regular county payroll process to ensure it is properly taxed. The County Collector will turn over the city commissions collected to the County Treasurer monthly and the city commissions will be included in the County Collector's monthly paycheck.

Howard County

Organization and Statistical Information

Howard County is a county-organized, third-class county. The county seat is Fayette.

Howard 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 56 full-time employees and 21 part-time employees on December 31, 2019.

In addition, county operations include the County Health Department, the Senate Bill 40 Board, and 4 levee districts.

Elected Officials

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

| Officeholder | 2020 | 2019 |
|---|--------|--------|
| Jerimiah Johnmeyer, Presiding Commissioner | \$ | 29,588 |
| Richard Conrow, Associate Commissioner | | 27,588 |
| Howard McMillan, Associate Commissioner | | 27,588 |
| Charles J Flaspohler, Circuit Clerk and Ex Officio Recorder of Deeds (1) | | |
| Shelly R. Howell, County Clerk | | 41,800 |
| Deborah Riekhof, Prosecuting Attorney | | 49,500 |
| Mike Neal, Sheriff | | 46,200 |
| Susan Keyton, County Treasurer | | 41,800 |
| Frank Flaspohler, County Coroner | | 12,100 |
| Lisa Asbury, Public Administrator | | 41,800 |
| Jinger Felten, County Collector (2), year ended February 29, | 50,110 | |
| John (Woody) McCutcheon, County Assessor, year ended August 31, | | 41,800 |

(1) Compensation is paid by the state.

(2) Includes \$8,310 of commissions earned for collecting city property taxes.