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Missouri State Auditor

Maries County

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CITIZENS SUMMARY

Findings in the audit of Maries County

Sheriff's Controls and Procedures	Procedures for preparing bank reconciliations and liabilities listings need improvement. Sheriff's office personnel do not use prenumbered bond forms or immediately issue receipt slips for bonds and civil receipts (civil process, concealed carry weapons permits, and other fees). The Sheriff's office does not charge or collect sales taxes on commissary sales, and does not remit sales taxes to the Department of Revenue. The Sheriff has not entered into written agreements with the surrounding counties or cities for the boarding of prisoners.
Property Tax System	As noted in at least our 6 prior audit reports, neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector.
Sunshine Law	The county has not adopted a written policy regarding public access to county records as required by state law, and the county did not always comply with the requirements of the Sunshine Law for closed session meetings.
Electronic Communication Policy	The county has not developed records management and retention policies in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.
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**.*

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*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 Maries County

We have audited certain operations of Maries 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, 2020. The objectives of our audit were to:

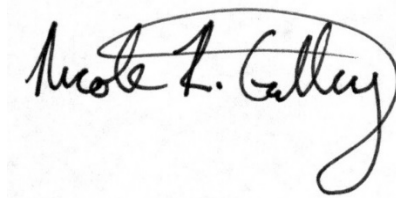
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 planned and performed procedures to assess 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 Maries County.

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:

Director of Audits:	Kelly Davis, M.Acct., CPA, CFE
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	Misty Bowen, MSED, CFE
	Syed Umar Ali, MAcc

Maries County Management Advisory Report State Auditor's Findings

1. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's office need improvement. The office collected payments for civil fees, concealed carry weapon permits, bonds, and other miscellaneous receipts totaling approximately \$54,000 during the year ended December 31, 2020. In addition, the Sheriff's office had commissary sales of approximately \$40,000 during the year ended December 31, 2020.

1.1 Bank Reconciliations and Liabilities

Procedures for preparing bank reconciliations and liabilities listings need improvement.

Bank reconciliations

Sheriff's office personnel do not always prepare adequate bank reconciliations for the bond bank account. The Sheriff indicated he reviews the bank statements and reconciliations; however, his reviews are not always sufficient to detect or correct errors. For example, the bank reconciliation for December 31, 2020, did not include 2 outstanding checks totaling \$1,100. In addition, the checkbook register balance for December 31, 2020, was overstated due to 3 checks issued in December totaling \$900 not being recorded in the checkbook register until after entries dated January 14, 2021. Consequently, the reconciled bank balance, \$1,100, did not agree to the checkbook register balance, \$900, and neither amount reflected the actual account balance, \$0, at December 31, 2020.

Liabilities

Sheriff's office personnel did not prepare a monthly list of liabilities for the civil or the inmate commissary bank accounts, and consequently, liabilities were not compared to the reconciled bank balance. Issues noted include:

- We identified liabilities totaling \$3,216 at December 31, 2020 for the civil bank account, consisting of undistributed November and December collections. The reconciled bank balance was \$6,819, leaving an unidentified balance of \$3,603 at December 31, 2020. The Deputy County Clerk, who prepares the bank account reconciliations for the Sheriff's office, indicated she was not aware of the need to prepare a liabilities list or how to resolve the unidentified balance.
- Sheriff's office personnel do not track commissary profits or reconcile inmate balances to the reconciled bank balance of the inmate commissary bank account. The Deputy Sheriff indicated he determines, monthly, the total inmate balances by totaling the individual inmate balances from the commissary system and remits the excess of the account balance over the total inmate balances less a reserve of approximately \$200 to the County Inmate Prisoner Detainee Security Fund (IPDSF). However, he does not maintain documentation of his calculations, track commissary profits, or reconcile his calculations to the reconciled bank balance. For example, on November 30, 2020, the reconciled bank balance was \$5,920. In December, the Sheriff's office remitted \$3,400 to the IPDSF for November commissary profits, but no documentation was maintained of inmate balances, the profit calculation, or a reconciliation of the various



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Management Advisory Report - State Auditor's Findings

amounts to the account balance. The Deputy Sheriff indicated the commissary software cannot produce suitable reports of inmate balances, and he was unaware of the need to reconcile inmate balances to the available cash balance and maintain documentation of the reconciliation.

Conclusion

Performing adequate monthly bank reconciliations 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 available cash balance and investigation of any differences is necessary to ensure accounting records are in balance, all amounts received are disbursed, and money is available to satisfy all liabilities. Various statutory provisions provide for the disposition of unidentified money. In addition, 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 IPDSF held by the County Treasurer.

1.2 Receipting

Sheriff's office personnel do not use prenumbered bond forms or immediately issue receipt slips for bonds and civil receipts (civil process, concealed carry weapons permits, and other fees). Sheriff's deputies collect bonds and record those bonds on un-numbered bond forms and place the forms and cash into a locked drop box. Sheriff's office dispatchers also place the civil receipts they receive in the drop box along with any accompanying documents. The bond and civil receipts are subsequently recorded on receipt slips by the Deputy Sheriff and Deputy County Clerk, respectively when those individuals prepare weekly bank deposits. Sheriff's office personnel were unaware of the need to issue pre-numbered bond forms and receipt slips immediately upon receipt.

Failure to use prenumbered bond forms and receipt slips, account for the numerical sequence of the documents, and reconcile the amounts on the documents to the amounts deposited, increases the risk that loss, theft, or misuse of money received will occur and go undetected.

1.3 Sales tax

The Sheriff's office does not charge or collect sales taxes on commissary sales, and does not remit sales taxes to the Department of Revenue (DOR). The Sheriff indicated he forgot to address this issue after receiving a similar audit finding in the prior audit.

Pursuant to 12 Code of State Regulations 10-110.955(3)(B), sales by the state of Missouri and its political subdivisions are subject to tax. Therefore, the Sheriff needs to charge and collect sales tax and remit the tax collections to the DOR.



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1.4 Prisoner boarding

The Sheriff has not entered into written agreements with the surrounding counties or cities for the boarding of prisoners detailing the housing rate to be paid, the services to be provided, or any required notification for emergency or non-routine situations. The Sheriff stated he notifies other entities of the rates he charges, which are generally equal to the rates each entity charges Maries County. The county collected approximately \$25,000 for the boarding of prisoners during the year ended December 31, 2020. The Sheriff indicated he forgot to address this issue after receiving a similar audit finding in the prior audit.

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

Similar conditions previously reported

A similar condition to section 1.1 was noted in at least our last six prior audit reports. Conditions similar to sections 1.3 and 1.4 were noted in our prior audit report.

Recommendations

The Sheriff:

- 1.1 Ensure adequate monthly bank reconciliations are prepared for all bank accounts. In addition, the Sheriff should ensure monthly lists of liabilities are prepared and reconciled to the available cash balance. Any differences between accounting records and reconciliations should be promptly investigated and resolved. Any unidentified money should be disposed of in accordance with state law.
- 1.2 Issue prenumbered receipt slips for civil collections immediately upon receipt, and for bonds, use prenumbered bond forms and/or issue prenumbered receipt slips immediately upon receipt. In addition, the Sheriff should account for the numerical sequence of the receipts/forms and reconcile the amounts on the documents to the amounts deposited.
- 1.3 Contact the DOR for guidance on establishing procedures for charging and collecting sales tax on commissary sales and ensure future sales tax collections are remitted to the DOR.
- 1.4 Work with the County Commission to obtain written agreements with counties and cities for the boarding of prisoners.



Auditee's Response

The Sheriff provided the following responses:

- 1.1 New procedures have already been put into place to accommodate these suggestions.*
- 1.2 I do not plan on issuing prenumbered bond forms because there are 3 separate verifications of the bond receipts; and another verification by the agency receiving the bonds. The other suggestions have already been implemented.*
- 1.3 We have begun implementing this recommendation.*
- 1.4 We are in the process of drafting contracts.*

The County Commission provided the following response:

- 1.4 We will work with the Sheriff to obtain written agreements with counties and cities for the boarding of prisoners.*

Auditor's Comment

The Sheriff's response to recommendation 1.2 indicates that other verifications of bond receipts occur that mitigate the need for prenumbered bond forms; however, using prenumbered bond forms and routinely accounting for the numerical sequence of the forms issued is necessary to properly ensure that bond records are complete and bond receipts are properly handled.

2. Property Tax System

As noted in at least our 6 prior audit reports, neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector, who processed property tax collections of approximately \$7.5 million during the year ended February 28, 2021.

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 collections going undetected. The County Clerk indicated she attempted to maintain an account book after receiving a similar finding in our prior audit, but she did not know how to properly implement the recommendation and soon discontinued the process.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with money payable into the county treasury. In addition, Section 139.190, RSMo, requires the County Commission to carefully and fully examine the annual settlement of the County Collector.



Maries County
Management Advisory Report - State Auditor's Findings

Maintaining 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 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. 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 are in the process of implementing this recommendation. The County Clerk has created a spreadsheet to maintain an account book with the County Collector. The County Commission will review the spreadsheet and compare it with the County Collector's annual settlement.

3. Sunshine Law

The county's procedures for complying with Sunshine Law need improvement.

3.1 Public access policy

The county has not adopted a written policy regarding public access to county records as required by state law. A written policy regarding public access to county records would establish guidelines for the county to make records available to the public. Such policies typically identify a person to contact, provide an address to mail such request, and establish fees that may be assessed for providing copies of public records. County officials believed a policy was unnecessary.

Section 610.023, RSMo, lists requirements for making records available to the public. Section 610.026, RSMo, allows the county to charge fees for providing access to and/or copies of public records and provides requirements related to fees. Section 610.028, RSMo, requires a written policy regarding release of information under the Sunshine Law.

3.2 Closed meetings

The county did not always comply with the requirements of the Sunshine Law for closed session meetings. The County Commission held 14 closed sessions from January 2020 through April 2021.

The County Commission did not make specific reference to the section of law allowing the closure of meetings when voting to go into a closed session for any of the 14 closed meetings held. In addition, some topics discussed in closed meeting were not allowable under the Sunshine Law. For example, in closed meetings the County Commission discussed cross training an employee and how to handle the federal Coronavirus relief funding received.



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Management Advisory Report - State Auditor's Findings

Section 610.022, RSMo, requires public bodies announce the specific reasons allowed by law for going into a closed session and to enter the reason into the meeting minutes. Additionally, Section 610.021, RSMo, lists the topics that may be discussed in closed meetings, and Section 610.022.3, RSMo, requires that the discussion topics and actions in closed meetings must be limited to only those specifically allowed by law as announced in the justification for closing the meeting. County officials said they were unaware of these requirements.

Recommendations

The County Commission:

- 3.1 Develop a written public access policy.
- 3.2 Ensure the specific section of law allowing the meeting to be closed is announced publicly and recorded in the meeting minutes when the county commission holds a vote to close a meeting, and discussions are limited to the specific reasons cited for closing the meeting.

Auditee's Response

- 3.1 *We will develop a written policy regarding public access to county records.*
- 3.2 *We have implemented this recommendation. The County Commission has ensured the specific section of law allowing the meeting to be closed has been announced publicly and begun recording that information in the meeting minutes when the County Commission holds a vote to close a meeting, and discussions are now limited to the specific reasons cited for closing the meeting.*

4. Electronic Communication Policy

The county has not developed records management and retention policies in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms.

Section 109.270, RSMo, provides that all records made or received by an official in the course of his/her public duties are public property and are not to be disposed of except as provided by law. Section 109.255, RSMo, provides that the Local Records Board issue directives for the destruction of records. The guidelines for managing electronic communications records can be found on the Secretary of State's website.¹ County officials said they were unaware a policy was needed.

¹ Missouri Secretary of State Records Services Division, Electronic Communications Records Guidelines for Missouri Government, May 14, 2019, is available at <https://www.sos.mo.gov/CMSImages/LocalRecords/CommunicationsGuidelines.pdf>, accessed June 8, 2021.



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Management Advisory Report - State Auditor's Findings

The County Commission can help ensure compliance with state law by developing written policies to address the use of personal email, social media and message accounts, and management and retention of electronic communications.

Recommendation

The County Commission work with other county officials to develop written records management and retention policies to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division Electronic Communications Guidelines.

Auditee's Response

The County Commission will work with other county officials to develop written records management and retention policies to address electronic communications management and retention.

Maries County

Organization and Statistical Information

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 28 full-time employees and 17 part-time employees on December 31, 2020.

Elected Officials

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

Officeholder	2021	2020
Vic Stratman, Presiding Commissioner	\$	29,252
Douglas Drewel, Associate Commissioner		27,192
Ed Fagre, Associate Commissioner		27,192
Mark Buschmann, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Rhonda Rodgers, County Clerk		41,200
Anthony Skouby, Prosecuting Attorney		48,410
Harold Chris Heitman, Sheriff		45,320
Rhonda Slone, County Treasurer		41,200
David H. Martin, County Coroner		12,360
Carol Jo Schulte, Public Administrator		15,450
Jayne Williams, County Collector (2), year ended February 28,	42,720	
Dana Simmons, County Assessor, year ended August 31,		41,200

(1) Compensation is paid by the state.

(2) Includes \$1,348 of commissions earned for collecting city property taxes.