

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

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Missouri State Auditor

Carter County

Report No. 2021-127

December 2021

[auditor.mo.gov](http://auditor.mo.gov)



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Carter County

Senior Citizens' Tax Board Controls and Procedures	The Senior Citizens' Tax Board (Board) did not enter into a written agreement with a not-for-profit (NFP), did not provide adequate oversight of disbursements, and did not meet at least annually to approve budgets. The Board disbursed approximately \$35,000 on behalf of the NFP without a written agreement. The Board does not review and approve disbursements made from the Senior Citizen Tax Fund and a Board member is not signing checks written from the Board checking account. In addition, the Board did not meet in 2020 and, as of July 31, 2021, no meetings had been held in 2021. As a result, budget information provided to the County Clerk's office for inclusion in the county budget was not approved by the Board.
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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 **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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# Carter County

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## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

County Commission  
and  
Officeholders of Carter County

We have audited certain operations of Carter 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:

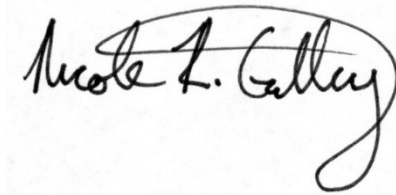
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 performing sample testing using haphazard and judgmental selection, as appropriate. The results of our sample testing cannot be projected to the entire populations from which the test items were selected. 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 finding arising from our audit of Carter 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

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# Carter County Management Advisory Report State Auditor's Findings

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## **1. Senior Citizens' Tax Board Controls and Procedures**

The Senior Citizens' Tax Board (Board) did not enter into a written agreement with a not-for-profit (NFP), did not provide adequate oversight of disbursements, and did not meet at least annually to approve budgets. The Board provides funding to an NFP operating the senior center that provides services and meals to senior citizens. The NFP is administered by a separate board.

### 1.1 Written agreements

The Board disbursed approximately \$35,000 in 2020 on behalf of the NFP without a written agreement. Rather than granting funds to the NFP, the Board pays some of NFP's invoices. The invoices generally relate to purchasing and maintaining vehicles, including the purchase of a vehicle for approximately \$25,000 in 2020. The Board President indicated the Board was unaware the agreement with the NFP needed to be in writing.

Section 432.070, RSMo, requires government contracts to be in writing. Written agreements are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

### 1.2 Board oversight

The Board does not review and approve disbursements made from the Senior Citizen Tax Fund and a Board member is not signing checks written from the Board checking account. Also, the Board bank account is held jointly with the NFP Board, allowing a private entity access to a county bank account. The Director of the NFP, who also serves as the appointed Board Administrator, is a signor on this account. However, the second signor is the Chairperson of the NFP, rather than a member of the Board. The Board President indicated the account is held jointly to allow the NFP input into how the tax money is spent.

While the Board President and a Board member typically sign the bank statements indicating their review, invoices and other supporting documentation for disbursements are not reviewed. The Board did not meet in 2020 due to the COVID-19 pandemic and safety concerns, limiting the members' ability to review disbursements, and the Board did not develop alternative ways to accommodate the review.

To reduce the risk of loss, theft, or misuse of funds, and ensure all transactions are accounted for properly and assets are adequately safeguarded, adequate controls, including Board review and approval of disbursements, signing checks, and restricting access to county controlled bank accounts are necessary.

### 1.3 Board meetings/budgets

The Board did not meet in 2020 and, as of July 31, 2021, no meeting had been held in 2021. Budget information for the Senior Citizen Tax Fund was provided to the County Clerk's office for inclusion in the county budget for 2020 and 2021, but the budget was not approved by the Board. The Board President indicated the COVID-19 pandemic and safety concerns prevented the Board from meeting in person and an alternative method was not utilized.



Carter County  
Management Advisory Report - State Auditor's Findings

Sections 50.525 to 50.745, RSMo, include provisions regarding annual budgets. Board meetings, conducted at least annually, to review and approve the budget are necessary for the Board to properly fulfill its duties as prescribed by state law.

## Recommendations

The Senior Citizens' Tax Board:

- 1.1 Enter into written agreements with any entities providing services as required by state law.
- 1.2 Develop procedures to ensure all disbursements are reviewed and approved by the Board, the approval is documented, and checks are signed by a board member. In addition, restrict access to county bank accounts to county officials and employees.
- 1.3 Conduct a meeting at least annually to fulfill statutory duties, including adopting annual budgets.

## Auditee's Response

- 1.1 *We are preparing a written agreement with the NFP, Carter County Nutrition Center, to provide services to senior citizens of Carter County and will ensure agreements are in place for any entities receiving funding in the future.*
- 1.2 *We believe the current arrangement between our Board and the NFP Board regarding how our money is maintained and disbursed is working well and we do not plan significant changes at this time. We do plan to change procedures to ensure all disbursements are reviewed and approved by the Board and we will ensure this is documented in the future. The Board President has always done a thorough review of the financial activity of the Board and plans to continue to do so in the future.*
- 1.3 *We did not meet for a period of time due to the COVID-19 pandemic. However, we have begun meeting again and will meet at least annually in the future to adopt our annual budget.*

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# Carter County

## Organization and Statistical Information

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Carter County is a county-organized, third-class county. The county seat is Van Buren.

Carter 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 21 full-time employees and 4 part-time employees on December 31, 2020.

In addition, county operations include a Senate Bill 40 Board and a Senior Citizens' Tax Board.

### Elected Officials

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

Officeholder	2021	2020
Ronald Keeney, Presiding Commissioner	\$	24,440
William Steiger, Associate Commissioner		22,440
Lynn Murdick, Associate Commissioner		22,440
Pauline Peterman, Recorder of Deeds		34,000
Leona Stephens, County Clerk		34,000
Hannah Pender, Prosecuting Attorney		41,000
Richard Stephens, Sheriff		39,000
Velvet Ricker, County Treasurer		34,000
Erik McSpadden, County Coroner		9,500
Hedi Truncone, Public Administrator		20,000
Lisa Rodgers, County Collector, year ended February 28,	34,000	
Gary Rector, County Assessor, year ended August 31,		34,000