



**Nicole Galloway, CPA**

**Missouri State Auditor**

**Putnam County**

Report No. 2022-087

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



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Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Putnam County

County Assessor's Controls and Procedures	The County Assessor has not adequately segregated accounting duties and does not always perform documented supervisory reviews of the accounting and bank records, and the County Assessor's office did not always timely deposit receipts or timely disburse receipts to the County Collector-Treasurer.
Prosecuting Attorney's Disbursements	The Prosecuting Attorney's office does not always timely disburse bad check and court-ordered restitution payments to victims or fees received to the County Collector-Treasurer.
Electronic Communications Policy	The county has not developed a records management and retention policy in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.
Capital Assets	The county does not have procedures in place to identify capital asset purchases and dispositions throughout the year. In addition, county officials have not conducted annual physical inventories or provided inventory lists to the County Clerk as required.
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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# Putnam County

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## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

County Commission  
and  
Officeholders of Putnam County

We have audited certain operations of Putnam 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, 2021. The objectives of our audit were to:

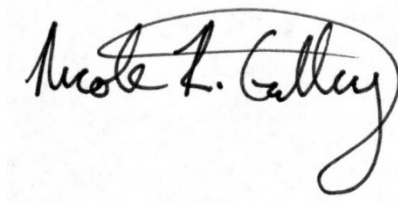
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 findings arising from our audit of Putnam 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

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# Putnam County Management Advisory Report State Auditor's Findings

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## **1. County Assessor's Controls and Procedures**

Controls and procedures in the County Assessor's office need improvement. The County Assessor's office processed receipts totaling approximately \$11,400 for maps, plat books, on-line GIS data access, and other miscellaneous fees during the year ended December 31, 2021.

### **1.1 Segregation of duties**

The County Assessor has not adequately segregated accounting duties and does not always perform documented supervisory reviews of the accounting and bank records. The Deputy Assessor performs the duties of receiving, recording, depositing, preparing and distributing checks, and reconciling the bank account. The County Assessor indicated she reviews the financial records monthly and signs the monthly "Sales by Item Detail" report, however, no signature or other evidence of supervisory review was noted on these reports for 3 months in 2021. The County Assessor indicated the lack of signature for those months was an unintentional oversight.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, disbursing, and reconciling money. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential to ensure bank records are in agreement with accounting records.

A similar condition was noted in our prior audit report.

### **1.2 Deposits and disbursements**

The County Assessor's office did not always timely deposit receipts or timely disburse receipts to the County Collector-Treasurer.

Office personnel deposited and disbursed receipts more than one month following the month of receipt for 6 out of 12 months for the year ended December 31, 2021. For example, office personnel deposited receipts totaling \$1,615 from September 2021 through December 2021 on February 3, 2022. These receipts along with \$102 in receipts credited electronically to the office's bank account during that time frame were also disbursed on February 3, 2022. The County Assessor indicated deposits and disbursements are generally made monthly but office staffing shortages sometimes prevented the office from following that practice.

Failure to implement timely depositing and disbursing procedures increases the risk that loss, theft, or misuse of money received will go undetected. Additionally, Section 50.370, RSMo, requires all county officials who receive fees or any other remuneration for official services to pay this money monthly to the County Collector-Treasurer, and Section 50.380, RSMo, provides that any county officer that fails to pay fees or other remuneration to the County Collector-Treasurer timely may be subject to penalties for such failure.



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Management Advisory Report - State Auditor's Findings

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## Recommendations

The County Assessor:

- 1.1 Segregate accounting duties or ensure independent or supervisory reviews of accounting and bank records are performed and documented.
- 1.2 Ensure receipts are deposited timely, and disburse receipts in accordance with state law.

## Auditee's Response

- 1.1 *Due to the small office staff size, accounting duties cannot be adequately segregated. To ensure checks and balances, I review the financial records and usually sign the "Sales by Item Detail" report to show evidence of my review. As part of that review, I reviewed all deposits and any lack of evidence of signature was an unintentional oversight. I will strive to continue to review all accounting and bank records and will ensure my review is documented.*
- 1.2 *The office staff includes a Deputy Assessor, Personal Property Data Clerk, and the County Assessor. During the timeframe mentioned the office lost an employee, an employee was sick for a period of time and a new employee was gained. During this time of year, the office is already busy during the tax season completing many other duties related to assessment. This lack of staffing left a significant burden on staff to complete all necessary functions of the office. Because of limited office staff and a delegation of duties, some deposits and disbursements were delayed due to other office tasks taking precedence. Going forward, we will give priority to making timely and monthly deposits and disbursements.*

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## 2. Prosecuting Attorney's Disbursements

The Prosecuting Attorney's office does not always timely disburse bad check and court-ordered restitution payments to victims or fees received to the County Collector-Treasurer. The office collected approximately \$18,700 in bad check and court-ordered restitution and fees during the year ended December 31, 2021.

The office disbursed bad check and court-ordered restitution and fees to victims and the County Collector-Treasurer, respectively, on only 4 dates during the year ended December 31, 2021. For example, the office disbursed \$5,636 for receipts received from August 13, 2021, through December 27, 2021, on December 27, 2021. The office's Secretary indicated she was new to the position in 2021 and could not prepare timely disbursements as she was learning her new duties.

Timely disbursement of bad check and restitution payments and fees is necessary to ensure victims are compensated, receipts are properly accounted for, and to reduce the risk of loss, theft, or misuse of funds. Additionally,



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Section 50.370, RSMo, requires all county officials who receive fees or any other remuneration for official services to pay this money monthly to the County Collector-Treasurer, and Section 50.380, RSMo, provides that any county officer that fails to pay fees or other remuneration to the County Collector-Treasurer timely may be subject to penalties for such failure.

A similar condition was noted in our prior 3 audit reports.

## Recommendation

The Prosecuting Attorney disburse victim restitution timely and transmit fees in accordance with state law.

## Auditee's Response

*Our office receives a very small number of restitution/bad check payments each month. From January 1, 2021, to December 31, 2021, we received a total of 7 bad check payments and 73 restitution payments. This is a small office with only one staff member and with all of the demands on her time, the disbursements were not made monthly, as the Auditor's finding points out. In addition, there was staff turnover mid-June 2021. Disbursements were made and the bank accounts were reconciled and balanced before the previous staff member left. After the new staff member was trained, disbursements and reconciliations started being done on a monthly basis and the accounts have balanced every time with no discrepancies. We will continue to make disbursements and reconcile the accounts on a monthly basis, regardless of the amount involved.*

## 3. Electronic Communications Policy

The county has not developed a records management and retention policy 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.<sup>1</sup>

Development of a written policy to address the use of electronic communications is necessary to ensure all documentation of official business of the county is retained as required by state law. The County Commission

<sup>1</sup> 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 July 18, 2022.





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indicated it was unaware of the record retention requirements and the electronic communications guidelines.

## Recommendation

The County Commission work with other county officials to develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.

## Auditee's Response

*We will review the Secretary of State's guidelines and work with other county officials to develop a policy to implement this recommendation.*

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## 4. Capital Assets

Procedures and records to account for county property are not adequate. The county does not have procedures in place to identify capital asset purchases and dispositions throughout the year. In addition, county officials have not conducted annual physical inventories or provided inventory lists to the County Clerk as required. As a result, the county's capital asset records are not complete and up to date. The County Clerk indicated the county intended to develop new procedures and records, but this has not been done due to other priorities.

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 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 his/her designee of each county department is responsible for performing annual inspections and inventories of county property used by his/her department and for submitting an inventory report to the County Clerk.

A similar condition was noted in our prior 2 audit reports.

## Recommendation

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

## Auditee's Response

*We will review the statute and work with other county officials to develop policies and procedures to implement this recommendation.*

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# Putnam County

## Organization and Statistical Information

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Putnam County is a township-organized, third-class county. The county seat is Unionville.

Putnam 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 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 12 full-time employees and 6 part-time employees on December 31, 2021. The townships maintain county roads.

In addition, county operations include the Senior Citizens' Services Board, the Putnam County Memorial Hospital, and a 911 Board. The Putnam County Memorial Hospital is audited separately, with the last audit report issued for the year ended June 30, 2021.

### Elected Officials

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

Officeholder	2022	2021
Robert Munden, Presiding Commissioner	\$	27,760
Shane Bradshaw, Associate Commissioner		25,760
Gerald Owings, Associate Commissioner		25,760
Jeneen Roof, Recorder of Deeds		36,000
Christy Brooks, County Clerk (1)		25,333
Chrystal Perkins, County Clerk (1)		12,000
Thomas Keedy, Prosecuting Attorney		43,000
Jason Knight, Sheriff		42,000
Anna Fleshman, County Coroner		12,000
Ami Hartwig, Public Administrator		27,000
Jennifer Heidenwith, County Collector-Treasurer, year ended March 31,	38,166	
Chrissy Gillis, County Assessor, year ended August 31,		36,000

(1) Christy Brooks was appointed County Clerk upon the resignation of Chrystal Perkins on April 30, 2021.