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Missouri State Auditor

Carroll County

Report No. 2024-021

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auditor.mo.gov



CITIZENS SUMMARY

Findings in the audit of Carroll County

Sheriff's Controls and Procedures	The Sheriff has not segregated accounting duties or performed adequate supervisory reviews of detailed accounting records. The Sheriff does not review the work of the Office Administrator and there are no other staff in the Sheriff's office to segregate the duties or review the work. The Office Administrator does not prepare bank reconciliations or monthly lists of liabilities for the Sheriff's general account, and does not maintain a cumulative book balance in the accounting records. Because there is no cumulative book balance in the accounting records or a list of liabilities, the Office Administrator cannot ensure money is available to satisfy all liabilities. Sheriff's office personnel do not always retain copies of voided receipt slips and do not always deposit receipts timely. Sheriff's office personnel do not maintain a complete and accurate seized property inventory listing and do not conduct periodic physical inventories of seized property.
Sheriff's Compensation	The County Commission authorized a mid-term salary increase of \$2,000 to the Sheriff in January 2023, in violation of constitutional provisions.
Electronic Communication Policy	The county has not developed a records management and retention policy that includes electronic communication 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**.*

*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.

Carroll County

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SCOTT FITZPATRICK MISSOURI STATE AUDITOR

County Commission
and
Officeholders of Carroll County

We have audited certain operations of Carroll 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, 2022. 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; 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 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 control, (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 Carroll County.

A handwritten signature in black ink, reading "Scott Fitzpatrick". The signature is written in a cursive, flowing style with a large initial "S".

Scott Fitzpatrick
State Auditor

Carroll 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 money for civil paper service, concealed carry weapon permits, bonds, and other miscellaneous receipts totaling approximately \$30,000 during the year ended December 31, 2022.

1.1 Segregation of duties

The Sheriff has not segregated accounting duties or performed adequate supervisory reviews of detailed accounting records. The Office Administrator is primarily responsible for receipting, recording, and depositing receipts; making disbursements; billing for paper service and board bills; and reviewing and transmitting paper service and board bill payments collected. There are no other staff in the Sheriff's office to segregate the duties or review the work, and the Sheriff does not review the Office Administrator's work. The Sheriff indicated he trusts the Office Administrator to perform the above duties and does not believe it necessary to review her work.

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 duties of receiving, recording, and depositing receipts; making disbursements; reconciling bank accounts; billing; and receiving and transmitting payments collected. 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 receipts to deposits.

1.2 Bank reconciliations

The Office Administrator does not prepare bank reconciliations or monthly lists of liabilities for the Sheriff's general account, and does not maintain a cumulative book balance in the accounting records. The December 31, 2022, bank balance was \$1,952. Liabilities consisting of December collections of undisbursed fees totaled \$800, resulting in \$1,152 in unidentified money in the account.

Because there is no cumulative book balance in the accounting records or a list of liabilities, the Office Administrator cannot ensure money is available to satisfy all liabilities. The Office Administrator indicated she has not performed bank reconciliations, identified liabilities, or identified the remaining balance in the account because she was not aware she needed to perform these duties.

Preparing a cumulative book balance, adequate monthly bank reconciliations, and monthly lists of liabilities helps ensure receipts and disbursements have been properly handled and recorded, and increases the likelihood errors will be identified and corrected timely. Regular identification of liabilities and a comparison of liabilities to the reconciled bank balance is necessary to ensure accounting records are in balance, all amounts received are disbursed, and money is available to satisfy all liabilities. Differences should be adequately investigated and resolved.



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1.3 Voided receipt slips

Sheriff's office personnel do not always retain copies of voided receipt slips. When a receipt slip needs to be voided during the collection process, the informal procedure is to mutilate the receipt slip and retain it for documentation purposes. However, Sheriff's deputies indicated, on several occurrences, they tore receipt slips out of the receipt book and disposed of them instead of marking the slip void. It is unclear why the deputies did not follow the office policy of retaining the voided receipt slips. Without retaining a copy of the voided receipt slips, it is not possible to ensure all money collected was deposited.

1.4 Depositing timely

Sheriff's office personnel do not always deposit receipts timely. We reviewed receipt and deposit documentation for \$7,383 of the approximately \$30,000 collected during the year ended December 31, 2022. We noted 6 deposits in which office personnel held receipts for at least 2 weeks before deposit. For example, between August 12, 2022, and August 25, 2022, \$1,530 received was not deposited until August 26, 2022. The Office Administrator indicated she does not have a set timeframe for making deposits and she is not able to make deposits more timely due to staffing shortages.

Failure to implement adequate depositing procedures increases the risk that loss, theft, or misuse of money received will occur and go undetected.

1.5 Seized property controls

Sheriff's office personnel do not maintain a complete and accurate seized property inventory listing and do not conduct periodic physical inventories of seized property.

The Sheriff's office has 2 seized property logs with approximately 360 items listed. One is handwritten and is for items received in 2016 and prior, and the other is a computerized log they have used since 2016. The seized property officer indicated they have not merged the 2 logs or performed an inventory of seized property because they did not see a need. However, we noted some items were listed on both logs. We haphazardly selected 5 items from the logs to determine if the information was accurate and identified 2 items that could not be located: a baseball bat and a 2.5 ton floor jack. The computerized log indicated the floor jack was located in a garage with multiple other items. However, we found no seized property in the garage. Other seized property records indicated these items were on a list to return to the owner, but there is no confirmation this was done and the seized property listing was not updated. It is unclear why the baseball bat was missing from the evidence room. Additionally, we selected 5 items from the room to ensure they were listed on one of the logs and noted no problems.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the property. Maintaining complete and accurate inventory control records and performing periodic physical inventories with the results



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compared to inventory records is necessary to ensure seized property is accounted for properly.

Recommendations

The Sheriff:

- 1.1 Segregate accounting duties or ensure adequate independent or supervisory reviews of detailed accounting and bank records are performed and documented.
- 1.2 Ensure a cumulative book balance, adequate monthly bank reconciliations, and lists of liabilities are prepared and reconciled timely. Any differences between accounting records and reconciliations should be promptly investigated and resolved.
- 1.3 Mutilate and retain all voided receipt slips.
- 1.4 Ensure deposits are made timely.
- 1.5 Maintain a complete and accurate seized property log, ensure a periodic inventory is conducted and reconciled to the seized property log, and investigate any differences.

Auditee's Response

- 1.1 *Limited funding prevents us from hiring extra administrative staff to segregate accounting duties. However, in keeping with the Auditor's recommendations, we will work to implement supervisory reviews of accounting and bank records.*
- 1.2 *We agree with your finding and are working on this issue.*
- 1.3 *We agree with your finding and have implemented a policy to accomplish this.*
- 1.4 *We agree with your finding and have implemented a policy to accomplish this.*
- 1.5 *We agree with your findings and are working on creating and implementing a policy to ensure accurate records are maintained and annual inventories are completed on a timely basis.*

2. Sheriff's Compensation

The County Commission authorized a mid-term salary increase of \$2,000 to the Sheriff in January 2023, in violation of constitutional provisions. The Sheriff was re-elected in 2021 at the salary level approved by the Carroll County Salary Commission.

Section 57.317.1(2), RSMo, enacted in 2021, states the sheriff shall receive an annual salary computed based on a percentage of the compensation of an



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associate circuit judge of the county, with the percentage determined by a statutory schedule using the county's current assessed valuation level. The law indicates if the increase to the Sheriff's salary is less than \$10,000, the increase shall take effect January 1, 2022, but if the salary increase is more than \$10,000, the increase shall be paid equally over a 5-year period. However, Article VII, Section 13, of the Missouri Constitution, prohibits an increase in compensation for state, county, and municipal officers during the term of office. Court cases have concluded that to receive additional compensation during a term of office there must be: 1) no existing compensation for the office; 2) new or additional duties extrinsic or not germane to the office; or 3) the mid-term increase must result from the application of a statutory formula for calculating compensation that was in place prior to the individual being elected or taking office. None of those circumstances exist; therefore, the increase to the Sheriff's salary should be effective only for any Sheriff elected and sworn into office after the new salary schedule was authorized.

The County Commission did not seek a written legal opinion on these matters. If the raise was allowable, the total increase should have been \$12,553, and the annual payment one-fifth of that. However, the County Commission misinterpreted the law and elected to increase the Sheriff's salary \$2,000 per year over a 5-year period, for a total of \$10,000. The County Commission indicated it did not implement the raise on January 1, 2022, because it was awaiting the conclusion of litigation regarding the authorizing senate bill. Upon conclusion of that litigation, the County Commission determined it was appropriate to provide the salary increase to the Sheriff and it believed it was required to do this because of the change in state law.

Recommendation

The County Commission discontinue the mid-term salary increase and consider various methods for possible recoupment of money already paid.

Auditee's Response

We have discontinued the annual raises for the Sheriff stipulated by Section 57.317.1(2), RSMo. We will seek legal advice regarding the proper procedures going forward in an attempt to stay in full compliance of all Missouri statutes regarding the Sheriff's proper annual salary.

3. Electronic Communication Policy

The county has not developed a records management and retention policy that includes electronic communication 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,



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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

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 Commission 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 agree with this recommendation and are in the process of preparing a written records management and retention policy.

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 December 21, 2023.

Carroll County

Organization and Statistical Information

Carroll County is a township-organized, third-class county. The county seat is Carrollton. The county's population was 8,497 in 2020, according to the U.S. Census Bureau.

Carroll 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 34 full-time employees and 1 part-time employee on December 31, 2022. The townships maintain county roads.

County operations also include a Senate Bill 40 Board.

Elected Officials

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

Officeholder	2023	2022
Stan Falke, Presiding Commissioner	\$	38,524
Everett Shields, Associate Commissioner		36,524
David Martin, Associate Commissioner		36,524
Janet Horine, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Norma L. Sparks, County Clerk		52,309
Cassandra Brown, Prosecuting Attorney		57,254
William Jewel McCoy, Sheriff		61,591
Steven W. Bittiker, County Coroner		17,142
Linda Leabo, Public Administrator		44,662
Megan Endicott, County Collector-Treasurer (2), year ended March 31,	60,115	
Devin Ford Frazier, County Assessor, year ended August 31,		54,309
Marcus J. Magee, County Surveyor (3)		

(1) Compensation is paid by the state.

(2) Includes \$1,280 of commissions earned for collecting city property taxes.

(3) Compensation on a fee basis.