Susan Montee, JD, CPA

Missouri State Auditor

Christian County

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YELLOW SHEET

Findings in the audit of Christian County

Financial Condition

The cash balance of Christian County's General Revenue Fund has declined and the financial condition of the Common I (eastern) Road Fund has not been adequately monitored. The General Fund cash balance has decreased from $3.3 million at December 31, 2007, to a projected balance of less than $1 million at December 31, 2010. Along with decreasing receipts, several other factors have contributed to the decline including, the distribution of general sales tax monies to special road districts, cities, and county road funds; the change in the retirement plan from contributory to noncontributory; and the purchase of real estate. County officials have also failed to properly certify the sales tax rollback portion of the property tax levy affecting the county's ability to levy property taxes in the future. During 2007 and 2008, the cash balance of the Common I Road Fund fell below zero and invoices totaling approximately $485,000 were paid late resulting in interest charges of $20,356. Also, a used track loader costing $30,000 was purchased from an individual who was subsequently hired as a county road employee and the equipment has been used very little. Long-term financial planning and monitoring receipts and disbursements of both the General Revenue Fund and the Common I Road Fund are necessary to improve the financial condition of these funds.

Property Tax System

Property taxes are not adequately reviewed, resulting in approximately $380,000 due to county schools and property tax levies incorrectly charged to some taxpayers. These errors were not detected by the county officials responsible for property tax monitoring procedures. In addition, password procedures over property tax data need improvement.

Sheriff Inmate and Commissary Procedures

Significant problems were identified with the records and procedures related to inmate and commissary monies, and there is no assurance these monies have been handled appropriately. Some monies cannot be accounted for properly, records are incomplete and inadequate, cash refunds to inmates are not adequately documented, and the Administrative Assistant performs all the duties related to inmate/commissary monies without adequate supervision. Monies are not adequately secured, deposits were not made timely, and some monies were held and deposited at a later date. Cash is also taken out of receipts on hand and refunded to inmates upon release without adequate documentation. Commissary income and inventory items are not adequately tracked, and the Sheriff received $10,000 in accountable fees that should have been turned over to the County Treasurer but were spent outside the normal county disbursement process on items related to the detention center. Additionally, booking fees totaling $10,500 were collected without statutory authority and should be turned over to the County Treasurer.

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County Disbursements and Vehicle Usage	The county needs to improve its process of procuring and monitoring professional services. In October 2009, the County Commission began the process of refinancing bonds of approximately $6.8 million associated with the judicial center without soliciting proposals. Procedures are not in place to adequately monitor the use of county owned vehicles and equipment. Concerns were noted related to pre-paid debit card purchases and county purchasing procedures.
Federal Emergency Management Assistance Projects	The county did not provide adequate documentation to indicate that ice storm debris removal contractors were properly monitored. Ice storms caused significant damage to county roadways in February 2008 and January 2007, and as a result, the county was awarded federal emergency management assistance (FEMA) grants of $452,000 and $2.7 million, respectively, for debris removal. The county paid the debris removal contractor $86,440 for citizen debris removal prior to approving an addendum to the contract to allow the contractor to perform this service. In addition, the county paid landfill tipping fees totaling $13,750 which according to the contract, should have been paid by the contractor.
Payroll Controls and Procedures	Passwords (codes) provided to elected officials which allow them to review, edit, and approve automated time records are not kept confidential. Employees and supervisors do not indicate their approval of time records to verify accuracy. Additionally, reconciliation procedures need improvement and the personnel manual should be expanded and followed.
Other Findings	Other findings in the audit report relate to controls and procedures of the Offices of Sheriff, Prosecuting Attorney, Public Administrator, and County Assessor; election funds; and other county departments.

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Missouri State Auditor

To the County Commission
and
Officeholders of Christian County

The State Auditor was petitioned under Section 29.230, RSMo, to audit Christian County. The county engaged Davis, Lynn, and Moots, Certified Public Accountants (CPAs), to audit the county's financial statements for the years ended December 31, 2009 and 2008. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm for 2008, since the 2009 audit had not been completed. The scope of our audit included, but was not necessarily limited to, the years ended December 31, 2009 and 2008. The objectives of our audit were to:

1. Obtain an understanding of the petitioners' concerns and perform various procedures to determine their validity and significance.

2. Evaluate the county's internal controls over significant management and financial functions.

3. Evaluate the county's compliance with certain legal provisions.

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 controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We 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 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. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

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.

The accompanying Management Advisory Report presents our findings arising from our audit of Christian County.

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State Auditor

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1. Financial Condition

The financial condition of the county's General Revenue and Common I Road Funds has deteriorated.

1.1 General Revenue Fund financial condition

Christian County's General Revenue Fund has experienced a declining cash balance over the past several years. The following table shows the actual activity of the General Revenue Fund since 2007 and the projected activity for 2010, as reflected on the county budgets.

		2010 Budgeted	2009 Actual	2008 Actual	2007 Actual
Cash Balance, January 1	$	2,007,631	2,441,649	3,322,986	3,071,302
Receipts		9,155,900	9,137,246	9,561,093	10,470,701
Federal Assistance		1,318,100	429,912	777,393	2,856,798
Disbursements		(5,981,035)	(4,464,839)	(5,087,763)	(7,054,804)
Transfers Out		(5,527,800)	(5,536,337)	(6,132,060)	(6,021,011)
Cash Balance, December 31	$	972,796	2,007,631	2,441,649	3,322,986

Based upon the chart above, the General Revenue Fund cash balance at December 31, 2007, was approximately 25 percent of total disbursements and transfers out for that year. According to the 2010 budgeted amounts, the County Commission expects the cash balance to decline to less than $1 million or approximately 8 percent of total disbursements and transfers out.

Amounts withheld from school property taxes for commissions and the Assessment Fund were approximately $380,000 more than allowed (see MAR finding number 2). One-half of this amount ($190,000) is due from the General Revenue Fund to the school districts. The County Commission was not aware of this liability when preparing the 2010 budget.

While steps have been taken to reduce county disbursements, the reduction has not kept pace with declining receipts. Several other factors have also contributed to the decline in the General Revenue Fund cash balance.

- During 2009, 2008, and 2007, the county distributed a total of approximately $1.8 million (20 percent) of the 1/2-cent general sales tax receipts to the special road districts, cities, and county Common I and II Road Funds. Although the county reduced the portion distributed from 50 percent in 2006 to the current rate of 20 percent, there appears to be no requirement for the county to distribute these monies. Considering the decreasing cash balance of the General Revenue Fund, the County Commission should review the amounts distributed.

- The County Clerk and County Commission have not properly certified to the State Auditor's office the amount of the general revenue property tax levy rollback that is related to sales tax, thus affecting the county's ability to levy property taxes in the future. In 1996, voters authorized a

1/2-cent county sales tax with a ballot restriction that requires the county to annually reduce its property tax levy by 50 percent of the total amount of sales tax collected. Since 1997, the county has rolled back property tax levies of the General Revenue and Common I and II Road Funds to zero. However, the certifications filed with the State Auditor's office for 2008 and 2009 do not specify the portion of the rollback amount for these funds that is voluntary and the portion that is sales tax related.

In 2008, Senate Bill No. 711, Second Regular Session, 94th General Assembly, changed the calculation of tax rates starting in 2009 for any voluntary reductions taken in 2008. Because the county did not specify the reductions were sales tax related on the levy certification forms, the reductions were considered voluntary and the tax rate ceilings of the General Revenue Fund and Common I and Common II Road Funds were reduced to zero for 2009. As a result, this could affect the county's ability to levy property taxes for the General and Common I and II Road Funds in the future. To properly monitor the county's financial position, it is imperative that county officials responsible for computing and setting the tax levies understand the basic principles and concepts of calculating property tax levies.

- In 2005, the County Commission approved to change the retirement plan for county officials and employees from a contributory plan to a noncontributory plan, resulting in additional costs to the county. The county participates in the Missouri Local Government Employees Retirement System (LAGERS). In January 2006, the county contribution increased by approximately 4 percent (approximately $140,000 annually) for the portion previously contributed by county officials and employees. Additionally, the county became liable to LAGERS for past contributions made by county officials and employees totaling approximately $656,000, causing an additional increase in the county rate of approximately 1.4 percent (approximately $49,000 annually for the next 15 years calculated at 7.5 percent interest). County officials and employees received a refund from LAGERS of $656,000 for past contributions. The county currently pays a rate of approximately 13 percent on annual salaries of approximately $5.8 million. The County Commission's decision to increase retirement contributions for county officials and employees has contributed to the declining cash balance of the General Revenue Fund.

- Since 2007, the county has disbursed approximately $1 million to purchase real estate and improve county buildings, which has also significantly contributed to the decline in the General Revenue Fund cash balance.

Long-term financial planning, including evaluating the amount of general sales tax revenue distributed to cities and road districts, properly calculating and reporting property tax levies, analyzing long-term retirement plan costs, evaluating management practices to ensure efficient use of resources, and attempting to maximize receipts from all sources should be performed to improve the financial condition of the General Revenue Fund. In addition, as identified in the remainder of this report, the county should improve controls over several cash collection points in the various county departments, and improve monitoring and procurement procedures for county disbursements.

1.2 Common I Road Fund financial condition

The financial condition of the Common I (eastern) Road Fund has not been adequately monitored. During 2007 and 2008, the cash balance fell below zero, bills were not paid timely, and some monies were not used efficiently. In addition, a transfer was made from the General Revenue Fund to pay operating expenses. The following table shows the actual activity of the Common I Road Fund since 2007 and the projected activity for 2010, as reflected on the county budgets.

		2010 Budgeted	2009 Actual	2008 Actual	2007 Actual
Cash Balance, January 1	$	44,296	97,452	84,399	235,744
Receipts		1,474,700	1,589,452	1,726,557	1,709,564
Transfers In		0	0	76,176	0
Disbursements		(1,488,520)	(1,617,608)	(1,789,680)	(1,860,909)
Transfers Out		(30,000)	(25,000)	0	0
Cash Balance, December 31	$	476	44,296	97,452	84,399

The Eastern District Commissioner indicated the 2007 and 2008 ice storms and floods caused the decrease in the fund's cash balance. Our review identified issues unrelated to the ice storms and the floods that may also have contributed to the decrease in the cash balance.

- During 2007, invoices for chip and seal services totaling approximately $485,000 were not paid timely to the vendor because adequate cash was not available in the Common I Road Fund. The vendor offered to waive interest charges if the amount due was paid by June 1, 2008; however, adequate cash was not available in the fund. Partial payments were made to the vendor with the final payment made in September 2008. Because payments were delinquent, the Common I Road Fund incurred interest totaling $20,356.

- In October 2007, a used track loader was purchased for $30,000. The loader was purchased from a business that was ceasing operations and the owner was subsequently hired in January 2008 as a Common I Road employee. Usage logs indicate the loader was used for a total of approximately 130 hours during 2009 and 2008. The Eastern District Commissioner indicated the ice storms and floods have not allowed the use of the loader for projects as anticipated. While bids were solicited for this purchase, the bid specifications appeared to limit potential bidders and only one bid was received. Considering the limited use of the loader, the lack of Common I Road funds, and the subsequent hiring of the former owner, this purchase appears questionable.

- In April 2008, the Common I Road Fund did not have adequate cash to pay operating expenses and $76,176 was transferred from the General Revenue Fund emergency fund. Commission meeting minutes indicate the reasons for the transfer were expenses associated with disasters and a change in the workers compensation carrier. As of December 31, 2009, $25,000 had been repaid by the Common I Road Fund leaving a balance due of $51,176.

- In 2007, the Common I Road Fund provided gravel, equipment, and manpower to a local school to improve the school parking lot. No records were maintained to document the amount of material and labor provided, the school was not charged for these services, and there was no written agreement. The county provided copies of vendor invoices paid directly by the school for material delivered to the county; however, without documentation of material used there is no assurance all material was replaced. Without adequate records, the cost to the Common I Road Fund of providing these services is not clear.

To improve the financial condition of the Common I Road Fund, the County Commission should review disbursements and evaluate management practices to ensure the efficient use of available resources.

Recommendations

The County Commission:

1.1 Work with other county officials to closely monitor the receipts and disbursements of the General Revenue Fund, and perform financial long-term planning to evaluate spending, management practices, and maximization of receipts. Additionally, county officials responsible for computing and setting tax levies should ensure property tax levies and rollback amounts are properly reported.

1.2 Review disbursements and discretionary spending of the Common I Road Fund and evaluate management practices to ensure the efficient use of available resources.

Auditee's Response

The County Commission provided the following written responses:

1.1 *In response to the Auditor's finding that the financial condition of the County's General Revenue and Common I Road funds have declined over the past four years, the County Commission would note that several factors have contributed to this reduction of the Fund's cash balance. For example, in 2005 all the accrued compensated hours for County employees were paid off eliminating the liability to the County.*

In 2006 the county gave an across the board pay increase of 5% to County employees as well as picking up the 4% Lagers contribution. This was followed in 2007 with another 5% pay increase. The county has also purchased several buildings and parcels of land in close proximity to the courthouse for County office space. The courthouse is landlocked and cannot be expanded. The County expenditures on real estate also involved the remodeling of a building to house the new Building Inspections department and the Planning & Zoning staff.

Sales tax revenue has dropped dramatically since 2008, and no pay raises have been given County employees. Elected officials have been encouraged to use their discretionary funds to bolster their budgets. The budgets for County departments and officials have remained flat for the past two years. With the help of elected County officials, the County's 2009 budget ending balance for the General Fund was $1,059,217.65; however, the use of discretionary funds enabled the General Fund to end with $2,007,630.55

The Christian County Auditor continues to monitor very closely revenues and expenditures and the County will make adjustments as needed to bolster the cash balance of the General Revenue Fund.

1.2 *In response to the financial condition of the Common I Road Fund and the repayment of the emergency Fund transfer, in 2007 and 2008, the County was utilizing resources to recover and repair as many roads as possible following the aftermath of five natural disasters. The roads in the Eastern District of Christian County suffered much more than the Common 2 district explaining the difference in expenditures. Unfortunately, these unforeseen expenditures cost the Common I a great deal of money. However, the county had no choice but to repair as many roads as possible for the safety and welfare of the citizens. The funds had to be expended to make the roads passable. The problems created by the natural disasters created the unprecedented requirements on the resources of Common 1.*

As to the comments in Section 1.2 that vendor invoices for chip and seal services were not timely paid by Common I Road Fund, please note FEMA repaid the County late on the clean-up expenditures, with payments coming in as late as 2010. The disasters put an added strain on Common 1's ability to pay the vendor timely. Also the vendor at issue stopped sending regular monthly invoices in 2007 which caused an unexpected large bill to be received at the end of the year. The county recognizes mistakes were made. We will monitor road work more closely now to avoid the financial shortfall which occurred. We will do a better job in the future.

With regard to comments regarding the purchase of a track loader by Common I in October 2007, please note the track loader was not fully utilized the first year because planned projects were postponed due to the county devoting a significant amount of time to address unforeseen flooding and ice storm clean up. The County did not proceed with many of its road projects because of the time and money spent on disasters. This year, the track loader is being used on routine road maintenance projects. In reference to the man who was hired; Common I was taking applications for an equipment operator at the time it purchased the track loader. The man applied for work and due to his extensive knowledge and skill level, he was hired. He has proven to be an asset to the road district.

The Auditor comments that in April 2008, the C1 Road fund did not have adequate cash to pay operating expenses and $76,176.00 was transferred from the County's emergency fund as addressed above. One reason the Common I Road Fund required a transfer of funds from the County's emergency fund in 2008 was because payments from FEMA to reimburse the County's out of pocket costs for storm damage to roads and debris cleanup caused by the five FEMA disasters came in as late as 2010. A transfer of funds by Common Road I written 03-11-2010 for $51,176.00 totally repaid the County emergency fund. Most of the disasters' damage occurred on the Eastern side of the county explaining the differences in expenditures between Common 1 and Common 2 road districts. The county will monitor these funds more closely.

In response to the Auditor's comment that in 2007, the C1 Road Fund provided gravel, equipment, and manpower to a local school to improve the school's parking lot without maintaining records of materials provided, please note Chadwick School called Christian County with an emergency. The County understood the need for immediate assistance and realized we could fulfill that need. The Chadwick School had a game that evening and was unable to get anyone to come out and address the problem with their parking lot.

Common 1 provided a grader and an operator at the school district's request. All materials used in the parking lot by Common 1 were invoiced by Journagan Construction directly to the School. The School District paid Journagan Construction directly for the material. Common 1 did not expend any funds for gravel used on the parking lot. The auditor's focus on record keeping is understandable, but here Common Road I acted quickly to help a school district who requested assistance in an emergency.

The County Clerk provided the following written response:

1.1 In compliance with the SB711 and the ballot language that was passed, I will amend the 2008 and 2009 pro-forma form for County Revenue, Common 1 Road District and Common 2 Road District to reinstate a tax levy ceiling. The Commission has always rolled back the levy for the County's General Revenue Fund, Common 1 Road District and Common 2 Road District which has never been a problem. However, the corrections will be made to get the tax levy ceilings in place.

2. Property Tax System

Property taxes are not adequately reviewed, resulting in approximately $380,000 due to county schools and property tax levies incorrectly charged to some taxpayers. Additionally, property tax files are not adequately protected through passwords. For the year ended February 28, 2010, property taxes charged to the County Collector totaled approximately $58 million.

2.1 Review of property taxes

Calculation and reporting errors were made by the County Collector and were not detected by the County Collector or other officials responsible for property tax monitoring procedures. The County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes, and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements. Additionally, procedures used by the County Auditor to review the Collector's monthly and annual settlements should be improved.

- Commissions and Assessment Fund withholdings were calculated incorrectly on railroad and utility taxes, and as a result, a total of $381,256 is due to county school districts from the General Revenue Fund and the Assessment Fund. Amounts should have been withheld from railroad and utility tax collections at the rate of 1 percent; however, over 20 percent was withheld and paid to the County Treasurer for the General Revenue Fund and Assessment Fund in January 2007. According to the County Collector, some ratios were not entered into the computer system causing formulas to calculate incorrectly. In addition, failure to properly review withholdings resulted in the error not being detected. The County Collector was unaware of this error until we brought it to his attention.

- County Employee Retirement Fund (CERF) distributions totaling $146,693 appear to have been reported twice on the County Collector's annual settlement for the year ended February 29, 2008. Monthly settlements prepared by the County Collector indicate CERF monies of $146,693 were received and disbursed; however, the Collector's annual settlement reflects CERF disbursements twice. Inaccurate annual settlement information reduces the effectiveness of the settlement as a mechanism to account for all monies the County Collector is charged with collecting.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records which summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts should be maintained by the County Clerk. Such records could be used by the County Clerk, County Auditor, and County Commission to verify the County Collector's monthly and annual settlements. These procedures are intended to establish checks and balances related to the collection of property taxes.

2.2 Property tax levies

The Assessor's office incorrectly applied 2009 property tax levies in the property tax system for the Christian County Ambulance District and Ozark Technical Community College to taxpayers of the Billings School District. As a result, these taxpayers were overcharged for personal property taxes. Adequate procedures are not in place by the County Clerk to properly review the amount of taxes charged to the County Collector prior to the Assessor printing the tax books. Because of this error, approximately $14,900 had to be abated from the property tax books and the County Collector issued over 1,000 refund checks to taxpayers.

To ensure property taxes are properly charged to county taxpayers, the County Clerk should review tax levies entered into the property tax system and ensure total taxes charged are accurate.

2.3 Passwords

Employees of the County Assessor's office use shared passwords to gain access to assessment data and employees of the County Collector's office do not periodically change passwords to ensure confidentiality of various data files and programs. Passwords should be individually assigned, kept confidential, and changed periodically to help limit the effect of unauthorized access to computer files.

Recommendations

2.1 The County Collector ensure future school district commissions are computed correctly, refund a total of $381,256 to the county school districts from the General Revenue and Assessment Funds, and file accurate annual settlements. Additionally, the County Clerk should maintain an account book with the County Collector, and the County Clerk, County Auditor, and County Commission should use the account book to review the accuracy and completeness of the County Collector's monthly and annual settlements.

2.2 The County Clerk review tax levies entered into the property tax system and recalculate total taxes charged to each taxing district to ensure tax books are accurate.

2.3 The Assessor establish procedures to appropriately restrict access to data through individually assigned passwords that are kept confidential. Additionally, the County Collector should periodically change passwords.

Auditee's Response

The County Collector provided the following written responses;

2.1 The railroad and utility tax monthly report is generated by the Assessor's office. The 2006 tax year was done by an employee who is no longer with the county. That employee failed to enter into the system the Prop C school rollback ratios. The total amount of taxes collected was correct, but the distribution to the schools, county, and assessment fund was incorrect. As a result, the report was incorrect in calculating the distribution amounts to the school districts. Once alerted to the problem, the Collector entered the correct ratios and recalculated the distributions to the respective school districts. The collector balances to the total collections. The school's average distribution is calculated by the County Clerk and given to the County Treasurer. The actual disbursement to the schools, county and assessment fund is done by the County Treasurer. New tax distribution numbers have been provided to the County Treasurer and County Clerk for an additional distribution to be made to the schools. The County will disburse any underpayment of tax money correctly to the school districts.

In regards to the 2008 Annual Settlement, an amended report has been submitted to the Department of Revenue with the corrections.

2.3 I will have the passwords changed periodically.

The County Clerk provided the following written responses:

2.1 In regards to the calculation errors that resulted in approximately $380,000.00 due to schools, after speaking with Chief Deputy Assessor Marion Matthews, she does the data entry on the account book for the Clerk's Office that is done on a monthly and yearly *basis for the Collector's settlements. Chief Deputy Assessor Marion Matthews thoroughly reviews the assessment and will not print the books until the Assessor and the Collector balance.*

As far as the rate of percentage that the Collector charges out to the political subdivisions that he collects, he calculates that by hand and attaches it to a computer sheet. There is no data entry performed by the Assessor or my office regarding the percentages that the Collector collects. I will in the future go over his calculations to verify his percentages are correct. However, the Treasurer and the Auditor also receive the same information that I receive and could review his work as well.

2.2 I certify the tax levies to the Collector. However, this year there was a glitch in the system in personal property only and it was not caught until the statements were printed. I have no knowledge how the data is entered. The Assessor's office does the data entry. After I receive the final year-end settlement from the Assessor which includes the assessed valuation and the taxes to be collected, I review every political subdivision to verify that the levy carried and that the right tax amount is reflected. According to the assessed value for the Christian County Ambulance District and the Ozark Technical Community College for 2009, the amount of assessed valuation for each of these districts was not questioned because the Assessor's office and the Collector's office balanced prior to the printing of the assessment books. My job is to verify the taxes that are to be collected are correct based on the tax levy for each district. According to Mrs. Matthews, the print outs I receive would not render the information to correct this problem before it occurred.

The Chief Deputy Assessor provided the following written response:

2.3 The Assessor's Office employees each have a personal log on password, although the tax records are accessible to both the Assessor's Office and the Collector's Office, each office has individual passwords. The only exception to that is a one word password known only to the Data Department (myself and one other person) to allow Data Department to print Collector Settlements and City Reports at month end. This password does not allow change by data-only report printing. We trust these implementations now in place, meet all the necessary recommendations from the State Auditor's Office.

Auditor's Comment

2.1 &
2.2 State law requires the County Assessor to assess all real and tangible personal property in the county, and the County Clerk to extend the current and back tax books and charge the County Collector with the amount of taxes to be collected. The County Collector is responsible for collecting all taxes levied. The procedures outlined in state law provide for the separation of duties and act as a form of checks and balances. If it is not feasible for these functions to be performed as provided by state law, procedures should be adopted for the County Clerk, or someone independent of the County Collector, to verify the accuracy of the tax books and document approval of the tax book amounts to be charged to the County Collector. Failure to perform reviews of the tax books may result in errors or irregularities going undetected.

3. Sheriff Inmate and Commissary Procedures

Significant problems were identified with the records and procedures accounting for inmate and commissary monies. In February 2008, the former Sheriff discovered that inmate and commissary monies totaling $1,720 were missing. An investigation was conducted, but the missing monies were not recovered and criminal charges were not filed. We performed a detailed review of receipt and deposit records between March 21, 2009, and June 30, 2009. Our review identified additional differences between monies recorded and monies deposited, and incomplete and inadequate records. Without a detailed review of all inmate receipt records and the activity of the inmate bank account, there is no assurance inmate monies have been handled appropriately.

The Sheriff operates a 96 bed jail, housing Christian County inmates and inmates for two federal agencies - the U.S. Immigration and Customs Enforcement (ICE) and the U.S. Marshals Service (USMS). The Sheriff maintains a separate checking account to handle personal inmate monies and operates a commissary for inmates to purchase various snacks, personal items, and telephone cards. The monies received, commissary purchases made, and available cash balance for each inmate are recorded in a computerized accounting system. Inmates order items from the commissary and the payment is deducted from their balance. Any remaining personal monies are paid to inmates upon release. Deposits into the inmate/commissary account totaled approximately $155,000 and $270,000 during the years ended December 31, 2009 and 2008, respectively.

3.1 Receipting

Procedures for receipting and recording inmate monies are not sufficient to ensure all collections are accounted for properly. While receipts are recorded on several different records, no single record is complete, and the various receipt records are not compared to ensure all receipts are accounted for properly.

Monies received from inmates during the booking process are recorded on property forms and the inmate verifies the amount by signing the form. Inmate monies are logged into a booking log by detention officers, and receipt slips are also used to record the receipt of some inmate monies. Monies are placed in an envelope and amounts are recorded on the outside of the envelope which is turned over to the detention center Administrative Assistant. Finally, monies are posted to the accounting system maintained by the Administrative Assistant.

Inmate property forms are not compared to booking logs, receipt slips, or the accounting system, and envelopes documenting monies turned over to the Administrative Assistant are thrown away. We found several instances where the various records of inmate receipts were not complete or contained conflicting information and there was no explanation for the differences. In addition, some inmate booking logs prior to March 21, 2009, cannot be located.

The method of payment received from inmates is not properly recorded and reconciled to deposits. All inmate monies are recorded as cash in the computerized system; however, checks are often received from other detention facilities or family members.

- Inmate monies totaling $579 could not be traced to a deposit or a refund. According to prisoner intake forms and booking logs, a $424 check and $155 cash were received in March 2009, but were not posted to the accounting system or deposited. Detention Center officials cannot locate documentation to show these funds were returned to the inmate.

- Receipt records are not reconciled to amounts deposited. For example, a $39 check received from an inmate on June 2, 2009, during the booking process was recorded on the booking log; however, it was not turned over to the Administrative Assistant for deposit. After our inquiry, the check was located in the possession of a transport officer and subsequently returned to the inmate's spouse more than a month after it was received.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the Sheriff should develop a system to properly track inmate funds that would include limiting the number of receipt records as well as ensuring all monies received are recorded on the receipt records. Additionally, the method of payment received should be accurately recorded and reconciled to amounts deposited, and all receipt records should be retained.

3.2 Depositing

Weaknesses were identified with depositing inmate monies.

- Inmate monies are not adequately secured at the detention center prior to deposit. During our cash count on June 23, 2009, we noted loose change on the floor, on the desk, taped to a notepad, and in an unlocked filing cabinet. The Administrative Assistant indicated these were inmate monies.

- Deposits are not made timely. Inmate monies totaling $3,109 received between March 31, 2009, and April 7, 2009, were not recorded in the computerized accounting system until April 14, 2009, and were not deposited until April 29, 2009. In addition, other inmate monies totaling $4,252 received between March 21, 2009, and April 14, 2009, were not recorded into the system until April 16, 2009, and were not deposited until April 23, 2009, with $100 cash held out and separately deposited on May 11, 2009. According to receipt records, the monies deposited on April 29, 2009, were on hand when the Administrative Assistant made the deposit on April 23, 2009. The Administrative Assistant indicated she was leaving on vacation and wanted to deposit some of the inmate monies before her vacation. It is unclear why she did not deposit all inmate monies on April 23, 2009, and why $100 was held out and not deposited until May 11, 2009.

To ensure all inmate monies are accounted for properly, deposits should be made timely and monies should be adequately secured until they are deposited.

3.3 Inmate refunds

Cash refunds are not adequately documented. Cash receipts are used to refund monies to ICE inmates prior to deportation or transfer to another facility. Although ICE prefers the inmates be given monies in cash upon release because they are frequently deported to another country, the detention center does not adequately document the refund of these monies in cash. The cash is taken out of receipts on hand and given to released inmates, and the Administrative Assistant posts the refund on the computer system; however, there is no documentation signed by the inmate, ICE officer, or detention center employee to support the disposition of the cash.

For example, $634 in cash was recorded as received from an inmate on the booking log on June 17, 2009, but this amount was not recorded in the computerized records or deposited. According to the Administrative Assistant, this amount was refunded to the inmate in cash when he was released on June 18, 2009; however, the notation of this refund was posted on the wrong line of the booking log and appeared to relate to a different inmate. There was no other documentation to support the refund of these monies.

Additionally, checks are issued from the inmate account with the payee as "Christian County Inmate Account" when cash is refunded to inmates, and the checks are included with monies on hand to compensate for the refund. In addition to maintaining poor records of this refund process, the procedures are cumbersome and time consuming. For instance, during our cash count on June 23, 2009, the Administrative Assistant indicated cash of approximately $340 was withheld from monies on hand and refunded to inmates. Subsequent to our cash count, checks were issued from the inmate/commissary account to be deposited back into the account so the total deposit would balance with the amount recorded on the accounting system.

Checks are also sometimes made payable to cash and cashed by the Administrative Assistant to refund monies to inmates leaving the detention center. For example, during January 2008, seven checks totaling $293 were made payable to cash. Records were not adequate to determine which inmates were refunded these monies.

To ensure all refunds are accounted for properly, procedures should be developed to adequately document the refund of cash to inmates. Consideration should be given to maintaining a cash fund (on an imprest basis) to disburse refunds for ICE inmate releases, and adequate documentation should be maintained of the cash refunds. Additionally, to reduce the risk of misuse of monies, the practice of writing checks payable to cash should be prohibited. Without adequate documentation of cash refunded, there is no assurance inmate monies are accounted for properly.

3.4 Segregation of duties

The duties of receiving, recording, depositing, and disbursing monies; and reconciling the inmate/commissary account are not adequately segregated. The Administrative Assistant performs all these duties, and a documented supervisory review of the accounting records is not performed. Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, an effective supervisory review should be performed and documented.

3.5 Liabilities and financial reporting

Monthly lists of liabilities are not prepared for the inmate/commissary account, and consequently, liabilities are not reconciled with cash balances. At our request, a liabilities list was prepared as of July 29, 2009. The book balance was $22,521, inmate monies and snack sale monies totaled $9,295, and the remaining $13,226 could not be specifically identified. However, booking fees collected from inmates totaling approximately $10,500 were not properly disbursed to the county each month and commissary profits and contract signing bonus monies are not adequately tracked and could be represented in this unidentified amount (see 3.8 and 3.9).

Monthly lists of liabilities should be prepared and reconciled to cash balances to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities.

3.6 Disbursements

Procedures over disbursements from the inmate/commissary account need improvement.

- The Sheriff has not established procedures to routinely follow up on outstanding checks for the inmate/commissary account. When checks are returned in the mail, no follow up action is taken and, as a result, checks remain on the outstanding check list. In addition, some returned checks were manually voided, but not voided in the computerized accounting system. As of December 31, 2008, there were 49 checks over a year old totaling $1,320.

- Checks are sometimes signed in advance. Checks are printed from the computer and require two signatures. The Administrative Assistant indicated there are occasions when a blank check is signed by another authorized signer and she later signs the check at the business. In addition, the Administrative Assistant indicated there were occasions when she and another authorized signer would sign blank checks and send them with other Sheriff personnel to purchase items for the detention center.

- A former employee, who has not worked at the detention center since December 2008, was still authorized to sign checks on the inmate/commissary bank account as of July 2009.

To ensure the proper disbursement of monies, an attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued if possible. If the payee cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

To reduce the risk of misuse of monies, signing checks in advance should be prohibited. Steps should also be taken to remove the former employee from the signature card at the bank.

3.7 Petty cash fund

The detention center petty cash fund is not maintained on an imprest basis. In addition, a petty cash ledger supporting the petty cash fund activity is not maintained. Petty cash totaling $48 was on hand on June 23, 2009. Although a petty cash fund was not formally established, the Administrative Assistant indicated the petty cash fund consisted of cash obtained for items returned to a vendor. Without records documenting monies received and disbursed from petty cash, it is not clear how much cash should be on hand.

Good internal controls require petty cash be set at an established amount and reimbursed when it has been expended. If a petty cash fund is deemed necessary, an imprest basis petty cash fund would improve accountability over petty cash monies. In addition, a petty cash fund ledger should be maintained.

3.8 Commissary income and inventory

Commissary income and inventory items are not adequately tracked. Additionally, accountable fees are not turned over to the County Treasurer, and purchases are made through the commissary account instead of the county disbursement process.

- The Sheriff does not have a system for tracking the profit or loss from the sale of commissary items. A detention center employee distributes order forms three times a week to inmates. The Administrative Assistant then records the amount of each inmate's purchase on the inmate's commissary sheet and deducts the amount of the purchase from the inmate's balance. The Administrative Assistant indicated all items for sale are not marked up at the same percentage and profits remain in the account to replenish the commissary inventory and purchase items for the prisoners. In March 2009, the County Auditor requested the Sheriff pay $18,000 from the inmate/commissary account to the Law Enforcement Fund because the account balance continued to increase. Sheriff's Department personnel believe all monies exceeding the total of inmate monies are profits available to be spent; however, profits from the sale of commissary items represent accountable fees and should be turned over to the County Treasurer. There is no statutory authority for the Sheriff to make disbursements from accountable fees.

- A running inventory (perpetual inventory) of commissary items is not maintained. Additionally, telephone cards sold to inmates are not tracked. In December 2009, the Sheriff's Department received complimentary telephone cards valued at $3,000 from the vendor providing inmate telephone services. A detailed inventory ledger is necessary to adequately account for commissary inventory and telephone cards. To ensure commissary items are properly recorded and handled, purchases and sales should be compared to actual inventory on hand. Loss, misuse, or theft of commissary inventory may go undetected without adequate inventory records.

- A signing bonus totaling $10,000 was received by the Sheriff from the vendor providing inmate telephone services and deposited into the inmate/commissary account rather than disbursing the bonus to the County Treasurer. The Sheriff's Department entered into a 4-year contract for inmate telephone services, and the agreement was signed by the Presiding Commissioner. Purchases made from the telephone commissions appear to include 52 polo shirts totaling $1,310; computer equipment totaling $2,408; inmate jumpsuits, underwear, and razors totaling $743; and bathroom tissue totaling $169. Signing bonuses represent accountable fees and should be turned over to the county treasury. As previously noted, there is no statutory authority for the Sheriff to make disbursements from accountable fees. These disbursements should have been made through the normal county disbursement process which includes authorization of the County Commission and inclusion in the county budget. Any funds remaining from the signing bonus should be paid to the County Treasurer.

3.9 Booking fees

A $10 booking fee is collected from inmates at the time of incarceration and deposited into the inmate/commissary bank account. Booking fees are not turned over to the County Treasurer monthly, and according to Attorney General's Opinion No. 124, 2009 to George, there is no express statutory authority for the Sheriff to charge a booking fee. Based upon records maintained by the Administrative Assistant, booking fees of approximately $10,500 were collected. Upon the issuance of the Attorney General's Opinion, the Sheriff discontinued charging the $10 booking fee.

Recommendations

The Sheriff:

3.1 Develop a system to properly track inmate funds that includes limiting the number of receipt records, as well as ensuring all monies received are recorded on the receipt records. Additionally, the Sheriff should ensure the method of payment received is accurately recorded and reconciled to deposits, and all receipt records are retained.

3.2 Ensure inmate monies are adequately secured until deposited and all monies are deposited intact in a timely manner.

3.3 Develop procedures to adequately document the refund of cash to inmates. Additionally, the practice of writing checks payable to cash should be prohibited.

3.4 Segregate accounting duties to the extent possible. If proper segregation is not possible, an effective supervisory review should be performed and documented.

3.5 Prepare monthly lists of liabilities and reconcile the list to the cash balance.

3.6 Establish a procedure to routinely follow up on outstanding checks and attempt to locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law. The Sheriff should discontinue the practice of signing checks in advance and remove the former employee from the signature card at the bank.

3.7 Establish and maintain a petty cash fund (if one is needed) on an impress basis with documentation of all activity.

3.8 Develop records to adequately track profits of commissary operations and turn all profits and signing bonus monies over to the County Treasurer. In addition, inventory records of commissary items and telephone cards should be maintained and reconciled to a physical inventory count.

3.9 Turn over all booking fees collected to the County Treasurer and refrain from collecting booking fees in the future.

Auditee's Response

The Sheriff provided the following written responses:

3.1 We have recently made significant changes in the way inmate monies are receipted and recorded. These changes provide better accountability and address the issues identified in the audit.

3.2 Inmate monies are now adequately secured, all monies are deposited, and the receipts are compared to the deposits.

3.3 We have implemented new procedures to document the return of cash to the inmates. A form is now prepared and signed to document the cash returned. We are also considering other options to help streamline the process and provide better controls.

3.4 We have implemented procedures where all detention center accounting records are reviewed at the Sheriff's office.

3.5 We are working on balancing the inmate account and identifying the liabilities.

3.6 We will follow up on the outstanding checks, and we are currently reviewing our disbursement procedures. An oversight allowed a former employee to be a current signer on the checking account and this has been corrected.

3.7 We have eliminated the petty cash fund and the monies were deposited.

3.8 The commissary was temporarily shut down to implement new procedures that provide better accountability over these funds. Now that we have new procedures in place, we are considering other options for providing a commissary to the inmates. In addition, the phone contract signed by the Presiding Commissioner allowed for the $10,000 signing bonus to be deposited into the *inmate/commissary account. We have been discussing with the County Commission options for ensuring commissary profits are spent on items that benefit the inmates.*

3.9 *We have discontinued collecting booking fees, and acknowledge booking fees have not been turned over to the Treasurer. As we continue to balance the inmate/commissary account we will work on resolving this issue.*

4. County Disbursements and Vehicle Usage

Improvement is needed in the procurement and monitoring of professional services, vehicle usage records, credit cards, and purchasing policies and procedures.

4.1 Professional services

The county needs to improve its process of procuring and monitoring professional services.

- The county did not document its evaluation and selection of engineering services. While the county requested qualifications and evaluated engineering firms for large projects, documentation was not maintained to support the selection of the engineering firm that provides general engineering services. The county paid this engineering firm $59,221 and $53,183 during the years ended December 31, 2009 and 2008, respectively.

- The county does not have a written agreement with Greene County regarding the shared costs of a federal government lobbyist, and has not received documentation detailing the use of these monies. The county pays $20,000 annually to Greene County for these services.

- The County Commission appointed a County Counselor to provide legal services; however, the method of compensation used to pay the County Counselor is not consistent with the appointment. According to the County Commission, the County Counselor is paid through the county payroll system; however, no payroll taxes are withheld, and paychecks are made payable to the law firm where the County Counselor is employed without supporting documentation of services, such as an invoice. The County Commission should determine whether the County Counselor is providing services as an employee or under contract and maintain supporting documentation that correlates with that decision. The county paid the law firm $50,000 and $47,667 for the County Counselor's services during the years ended December 31, 2009 and 2008, respectively.

Detailed documentation of services provided and written agreements are necessary to evaluate the reasonableness of payments for services rendered.

Additionally, Sections 8.285 to 8.291, RSMo, provide guidance on the selection of engineering services.

4.2 Bond refinancing

In October 2009, the County Commission began the process of refinancing bonds of approximately $6.8 million associated with the judicial center without soliciting proposals.

The county plans to sell these bonds through a negotiated instead of competitive sale. In addition, the county did not select the bond underwriter or bond counsel competitively. The county used the prior underwriter instead of seeking open bids assuring the most competitive rate of return for the taxpayers. The estimated cost of refinancing the bonds is approximately $30,000.

Historically, negotiated bond sales result in increased interest costs. While Missouri law does not require competitive bond sales or competition in selecting bond advisors, the historically lower interest costs on competitive sales suggest such sales to be in the best interest of the county.

4.3 Vehicle usage

Procedures are not in place to adequately monitor the use of county owned vehicles and equipment. The county spent approximately $255,000 and $424,000 for fuel during the years ended December 31, 2009 and 2008, respectively.

- Although the county has a vehicle policy, it does not address the personal use of vehicles and equipment. Additionally, mileage logs are not maintained for all county vehicles. For example, the County Emergency Management Director does not maintain a mileage log to document the proper use of the county vehicle he is assigned. Mileage logs maintained by some other county officials and employees did not always provide adequate explanation of the purpose of the trip, and the use of county road and bridge equipment was not always adequately documented.

  To ensure county vehicles and equipment are appropriately used, the County Commission should adopt a written policy indicating the appropriate use of county vehicles and equipment and prohibiting personal use. Further, mileage logs are necessary to document appropriate use of all county vehicles and support fuel charges. The County Commission should require all county officials and employees maintain mileage logs documenting the date, beginning and ending odometer readings, and destination and purpose of each trip.

- Personal vehicles are used for county business when county vehicles are available and officials and employees are reimbursed mileage. For example, the County Assessor uses her personal vehicle even though a county vehicle is available. We noted the County Assessor used her personal vehicle for county business 8 days during May and June 2009 and received reimbursement from the county when county vehicles assigned to her office were available 5 of those days. To help reduce employee mileage reimbursements, county owned vehicles should be used when available.

4.4 Credit cards

The Sheriff's Department used the county's discount store credit card to purchase pre-paid debit cards which are used to purchase fuel during inmate transports, and did not maintain supporting documentation. While these pre-paid debit cards may be convenient and may allow county employees to purchase fuel at lower prices, the County Commission does not obtain documentation from the Sheriff to support purchases made with these cards, and has not established controls and restrictions over the use of the cards.

To ensure pre-paid debit cards are used appropriately, the County Commission should establish controls and restrictions over the use of the cards and require supporting documentation be maintained for all transactions.

4.5 Purchasing policy and procedures

The county purchasing manual is not always followed and should be updated for changes made since 2003.

- Purchase orders were not always completed or were completed after purchases of supplies. Of the 14 purchases reviewed requiring purchase orders, 3 did not have purchase orders, and 6 purchase orders were prepared after supplies were purchased.

- Receipt of goods or services was not always documented. Seven of the 46 purchases reviewed, including cleaning supplies, bulk fuel, and office supplies, did not include documentation that goods or services were received by the county.

- Several changes have been made to county purchasing procedures since the purchasing manual was printed in January 2003. The county has not updated its manual to include the changes.

County policy requires a purchase order be prepared prior to the purchase and approved by the County Commission. To ensure the validity and propriety of disbursements, a purchase order should be prepared prior to all purchases and documentation of receipt of goods should be included on all invoices and other supporting documentation. Additionally, updating the purchasing manual would help ensure all officials and employees have access to the most recent purchasing procedures adopted by the County Commission.

Recommendations

The County Commission:

4.1 Periodically solicit proposals for engineering services and maintain written agreements and adequate supporting documentation for professional services. Further, the County Commission should determine whether the County Counselor is performing services as an employee or under contract and maintain documentation that correlates with that decision.

4.2 Pursue fair and open competition in any future bond sales.

4.3 Establish a written policy prohibiting the personal use of county vehicles, and ensure detailed usage logs are maintained for all county vehicles and county vehicles are used when available.

4.4 Ensure documentation is maintained to support the use of all pre-paid debit cards.

4.5 Ensure purchase orders are prepared in accordance with the purchasing policy and require all invoices be initialed or signed by a county official or employee to indicate acceptance of goods or services. Additionally, the County Commission should consider updating the county's purchasing manual to include all changes in policies since 2003.

Auditee's Response

The County Commission provided the following written responses:

4.1 In response to the Auditor's comments under Section 4.1 regarding professional services, the county has prepared numerous RFQ on bridge projects. In reviewing the RFQs we found that Great River Engineering was the more diverse engineering company to address the numerous services we were requiring. In the future, we will do a better job of ensuring the county clerk documents this information in the minutes.

In response to the Auditor's statements regarding documentation of services by lobbyists, please note as to the Federal lobbyist, Christian County makes a contribution on a cost sharing basis with Greene County. This is an investment that has paid dividends that far exceed the cost: from 65 and 60 to the North-South Corridor Study. Christian County currently has an A+ rating from Standard and Poor's. One of the reasons we received such an outstanding rating is because of our "participation in Springfield's diverse metropolitan area economy."

In response to comments regarding the method of compensating the County Counselor, please be advised that the Christian County Commission appointed a County Counselor on January 25, 2007, pursuant to Section 56.631, RSMo. The County Commission establishes the compensation of the County Counselor on an annualized basis in its budget. The County Counselor's method of compensation will be that of a County employee for the period of time Christian County remains a second class county.

4.2 In response to comments in paragraph 4.2 regarding Bond Refinancing, please note the County started with a bonding company many years ago and has been very satisfied with their services. The Public Building Corporation along with the County Commission asked the bonding agent to monitor marketing trends and provide his recommendation as to when the right time would be to refinance. Refinancing the bonds will save the county $120,000 a year in interest. Also, please note for a general obligation bond it would be typical to bid this type out because you have fixed terms and all you're wanting is just the rate. However, since this was a revenue bond, and has an Insurance policy on it, and since the county had never been rated; we couldn't bid it out, because of difficulties in predicting how it would be structured. There would have been too many steps to go through and by the time you went through the bidding process, the market would have changed. It is the Commission's opinion that Missouri law does not require the county to obtain competitive bids to refinance bonds associated with the judicial center.

4.3 The County has a policy concerning the use of county vehicles and equipment. The County also has a Wright Express Account which tracks fuel prices and the amount of fuel used for each vehicle. (This service went through the formal bidding process and source documents were provided to the auditor). Employees must input data at the pump in order to fuel their vehicle showing their starting odometer reading. The County will add a mileage log documentation clause to the employee manual and enforce compliance.

The County will follow the Auditor's suggestions on encouraging employees to use County vehicles instead of personal vehicles to travel on County business when possible. The County will also include the Auditor's suggestions to notify other offices to begin logging their beginning and ending odometer readings.

4.4 In response to the Auditor's comments that supporting documentation was not maintained for pre-paid debit cards, please *note the County will request the Sheriff's department to submit documentation to the County Commission showing purchases made from pre-paid debit cards. The County will require documentation to support how these cards are used.*

4.5 *In response to paragraph 4.5 that the County purchasing manual is not always followed and has not been updated since 2003, a new purchasing manual will be printed this year. We will monitor office holder's purchases. Thank you for bringing this to our attention.*

The Sheriff provided the following written response:

4.4 *The debit card purchases in question occurred in 2008 prior to my administration. We are planning to begin using credit cards for transportation expenses because they are easier to track than cash or debit cards.*

Auditor's Comment

4.3 Although the county has a vehicle policy, it does not prohibit the personal use of county vehicles and equipment.

5. Federal Emergency Management Assistance Projects

Documentation of monitoring procedures was not adequate, and the county did not always enter into timely written agreements. Ice storms caused significant damage to county roads in February 2008 and January 2007, and as a result, the county was awarded federal emergency management assistance (FEMA) grants of $452,000 and $2.7 million, respectively, for debris removal.

- The county did not provide adequate documentation to indicate that ice storm debris removal contractors were properly monitored. During both ice storms, the county contracted with individuals to monitor the work of the debris removal company. The 2008 and 2007 debris removal monitoring contracts did not require documentation of monitoring activity. Timesheets for debris monitors only documented hours worked. Load tickets, designed to document date, time, and location of monitoring activities, contained conflicting information of debris pickup and dumping times for four of the nine load tickets reviewed. The 2008 debris removal monitoring contracts required documentation to be provided regarding the condition of roads prior to the commencement of work; however, the county was unable to provide this documentation. The initial contract with the debris removal company for the 2007 ice storm was for $1.2 million with a cap of $2 million. An addendum was subsequently approved increasing the cap to $3 million. Debris removal monitors were paid approximately $130,000 and $170,000 in 2008 and 2007, respectively.

- The county paid the debris removal contractor $86,440 for citizen debris removal from February 1, 2007, through March 4, 2007, but this was not included in the original contract until an addendum was approved on March 13, 2007, after the service was provided. In addition, the county paid landfill tipping fees to the contractor totaling $13,750 which, according to the 2007 contract, should have been paid by the contractor and not the county.

To ensure the county receives all contracted services, adequate monitoring procedures should be performed on all contracts. Additionally, to provide proper accountability over disbursements, contracts should be amended before services are rendered.

Recommendations

The County Commission should ensure all contracts are adequately monitored. Additionally, the County Commission should amend contracts before services are rendered and pay fees in accordance with contract terms.

Auditee's Response

The County Commission provided the following written response:

In response to the Auditor's comments in paragraph 5 that documentation of monitoring procedures for storm debris removal was not adequate, it is the Commission's opinion that ice storm contractors were properly monitored per FEMA regulations. Monitors were trained in the process of monitoring the contractors. FEMA officials were present at this training meeting in which a PowerPoint presentation was used as well as FEMA officials relayed important functions and aspects of the monitoring process. FEMA officials were on hand daily to "monitor" our monitors and relayed any discrepancies and deficiencies to the supervisor. Furthermore, if the debris pickup operation was not properly monitored, FEMA would not have reimbursed the county for its expenses.

The County kept copies of the thousands of load tickets that were signed by the monitors and the contractor which substantiates the County monitored the contractor. The County's monitors and supervisors followed to the best of their ability, the FEMA regulations as set forth in the FEMA Debris Management Guide pages 23-24.

In regard to the Auditor's Comment that the County did not properly document the condition of roads prior to the start of the contract, please note it was our intent to do this. However, in consultation with the County Commission and road district personnel, this task would have required weeks of work and the only way to properly document the condition of the roads was to either take photos or video tape of the roads. We were facing a FEMA declared disaster and this would have delayed the operation beyond any acceptable limits. Therefore, it was decided to use the recently acquired aerial photos as documentation of the roads. Every square inch of the County had been "flown" and photographed. Therefore, this document, which was already in place, was decided upon as an acceptable alternative.

In response to the Auditor's comment that the County paid the debris removal contractor for citizen debris removal from February 1, 2007, through March 4, 2007, the County did pay the debris removal contractor additional funds for citizen debris removal. This is in relation to the fact we did not include the citizen pile disposal aspect in the original contract. We had this process in place and did not discuss it with the contractor. The contractor approached us, stating that this was an extra expense for them that was not included in the contract. Upon consultation with FEMA officials, they stated we should draft an addendum, giving the contractor an additional fee for handling the debris brought in by citizens. This process of citizens bringing in debris on their own was ENCOURAGED, since it saved the county money by not having to be hauled by the contractor. The piles were kept separate, and once the pile reached a certain stage, the pile was measured by the contractor, the monitor supervisor, and a FEMA official. All had to agree on the cubic yardage.

With respect to the landfill tipping fees, the contractors assumed Christian County had a landfill when we signed the contract. The nearest landfill is north of Springfield. At that time, diesel was extremely high and it was going to be a huge expense to take storm debris to Bolivar. We agreed that if they would haul it, we would pay the tipping fee.

6. Payroll Controls and Procedures

Payroll controls and procedures need improvement. Although there is an established written personnel manual, not all issues are addressed and not all policies are followed.

6.1 Payroll records and procedures

The county purchased an automated time clock in February 2004; however, it does not appear to provide assurance that all time records are accurate.

- Passwords (codes) provided to elected officials which allow them to review, edit, and approve automated time records are not kept confidential. Some elected officials have delegated the duty to approve time records to supervisors in their office and have shared their codes. Our review further identified instances where these codes were shared with other employees and time records were edited for reasons that were not clear. For example, time records for employees in the Sheriff''s Department and the Prosecuting Attorney's office were regularly edited to change the times in and out. Between June 14, 2009, and July 10, 2009, the Sheriff's Department Office Manager only clocked in/out four times. All other time posted to the automated time record was made by using the code to record the time. There was no documentation to indicate why time was posted in this manner.

- Employees and supervisors do not indicate their approval of time records (automated and manual) to verify accuracy. Although the automated time system allows both employees and supervisors to approve the time record through the automated system, this function is not utilized by some offices. Additionally, manual timesheets maintained by undercover officers in the Sheriff"s Department and the County Resource Management Administrator are not always signed by a supervisor to document approval.

- A reconciliation is not performed between manual timesheets and automated time records. While an automated time clock is located at both road departments, our review indicated five county road employees from the eastern district did not use the time clock during the 2-month period reviewed. Time was recorded on a manual timesheet and input into the automated time system by a secretary in the County Commissioner's office. Errors and inconsistencies were noted between the employees' manual timesheets and automated time records. For instance, compensatory time, sick time, and vacation time recorded on some manual timesheets were not recorded on the automated time record and the automated time record did not show compensatory time as used. In at least one instance, these inconsistencies effected the amount of compensatory time an employee earned when called out on an emergency call.

- Payroll changes are not always provided to the County Clerk's office in a timely manner. In August 2009, an employee with the Juvenile Office received three payroll direct deposits after terminating employment, resulting in an overpayment of $1,040. This overpayment occurred because the change in the employee's status was not properly communicated.

To ensure time records accurately reflect time worked, codes to the county's automated time system should be kept confidential, time records should indicate approval by employees and their supervisors, manual timesheets should be reconciled to automated time records, and employee changes should be provided to the payroll clerk timely.

6.2 Personnel policy

Although there is an established written personnel manual, not all issues are addressed, some policies are not included in the manual, and an instance was noted of noncompliance with a policy.

- The county does not have a policy regarding the employment and supervision of related employees. An officer in the detention center is the brother of a jailer in the detention center. While there are supervisory levels beteen the officer and his family member, the officer does have oversight of his brother.

- In April and December 2008, the return to work policy and vacation policies, respectively, were approved by the County Commission;

however, the personnel manual has not been updated to include these policies.

- According to Sheriff Department personnel and timesheets, an employee of the Sheriff's Department was allowed to use sick leave in violation of county policy. The county policy indicates sick leave is granted only for use when a medical situation is in place, and employees may not use sick leave as personal time off. An officer used 7 days of sick leave for personal use prior to leaving county employment. County policy does not allow for the payment of accumulated sick leave time upon termination of employment.

To ensure compliance with the county's personnel policies, the personnel manual should be periodically updated as policies are changed. Further, the county's personnel policies would be more complete by addressing issues involving related employees. Additionally, by not requiring full compliance with the county's personnel policy, the County Commission may be putting the county at risk of incurring additional liabilities beyond what is established by the policy.

Recommendations

The County Commission:

6.1 Ensure automatic payroll codes are kept confidential, employees and supervisors indicate approval of time records to verify accuracy, manual timesheets are reconciled to automated time records, and procedures are developed to ensure employee changes are communicated timely to the County Clerk's office for proper processing.

6.2 Ensure the personnel manual is periodically updated and county officials and employees comply with all policies. Additionally, the County Commission should consider addressing issues involving related employees.

Auditee's Response

The County Commission provided the following written responses:

6.1 In response to the Auditor's comments regarding payroll controls, please note the County Commission has made every effort to provide the tools and equipment needed to verify time worked. We look to the payroll office to enforce payroll requirements.

As to time records for the Resource Management Administrator, there is a schedule of hours kept in 2009 and timesheets 2010 for the resource management administrator, signed by the Commission available for inspection. The Resource Management Administrator checks in and out with the Commissioners secretary daily.

With respect to the Auditor's comment that reconciliation is not performed between manual timesheets and automated time records, the county will implement this recommendation.

With respect to comments that payroll changes are not always provided to County Clerk, please note in this case the Juvenile office failed to notify ANY office of this employee leaving because the Juvenile office was not aware this employee had left. This is an employee who was contracted on a cost share basis with Taney County and who primarily worked in Taney County. As soon as the Juvenile Administrator became aware of the situation, she notified payroll. The county was not aware of this problem. We will ask the county clerk to notify us when there are problems in this area.

6.2 *In response to the comment that the County does not have a policy regarding the employment and supervision of related parties, we will address this problem.*

With regard to comments that in April and December 2008, the return to work policy was approved by the Commission but the personnel manual has not been updated. Copies of the Commission policies were given to all office holders following the meetings in April and December. It is true that the personnel manual was not updated prior to auditor's findings, however sections were updated in February 2010 to include the return to work and vacation policies.

In response to the comment that an Employee of the Sheriff's Department was allowed to use sick leave in violation of County, the County will make sure the Sheriff is aware of the proper use of accumulated time off.

In sum, the County Commission requires all offices to submit a change of salary form when any new employee is hired, or an existing employee changes their salary rate. This form is confirmed by the County Auditor according to budget requirements, signed off on by the County Commission, and forwarded to the payroll clerk for processing. The County updates the policies as issues arise and revises the policies every five years per recommendation of the Human Resource Administrator.

The Employee manual dated January 2007 will be four years old at the end of 2010. The purchasing policy will be two years old at the end of 2010. However, there have been several changes this year and the county plans to update the manual as soon as possible.

The Sheriff provided the following written responses:

6.1 We have had some software issues with regard to the time clock and the office manager was allowed the use of the Chief Deputy's payroll code in order to make changes while he was out of the office. The office manager has now been provided a payroll code of her own and she is now clocking in and out.

6.2 There are no longer related employees at the detention center, and the employee that used sick leave prior to termination was a one-time occurrence.

The Prosecuting Attorney provided the following written response:

6.1 We do change or edit the clock in or clock out times, and it is mainly for the attorneys. It has been my position that by statute, the attorneys are exempt employees when it comes to time clocks and that they should never be subject to Kronos. However, the Commission says that the attorneys will not be paid unless some record is made that reflects that they were here. We show that the attorneys are here 8 hours a day Monday through Friday if they are not out sick or on vacation. But, if we really calculated their time here during the week as well as on nights and weekends, the County would lose money. There are also times that people are asked to go to the post office at the end of the day or run to Nixa or Ozark police departments to deliver subpoenas or other items. I do not want to have to ask that person to go to the post office and then come back to clock out. One reason is that it would cost the County additional money in mileage and time if they go and come back, and the other is to allow the people to go home after a hard day so that they can leave from the Post Office or from a Police Department instead of coming back. However, I do appreciate your concern, especially since Kronos has cost so much to this County and we all want to keep complete and accurate records. I can't change anything about the attorneys, but we will be more careful and find a better way to keep track of the hourly employees as opposed to clocking them in or out. Also, I agree with what was placed on 6.1. We will continue to keep the records confidential and I will begin signing them as accurate as to the time spent in this office.

7. Sheriff Controls and Procedures

Accounting duties are not adequately segregated, and controls and procedures over receipting and depositing need improvement. In addition, the purchase of two Sheriff Department vehicles may represent a conflict of interest.

The Sheriff received monies for civil and criminal fees, board bills, carry and conceal permits, jail phone commissions, bonds, and other miscellaneous receipts totaling approximately $870,000 and $725,000 for the years ended December 31, 2009 and 2008, respectively. These monies are handled through the Sheriff's fee account.

7.1 Segregation of duties

The duties of receiving, recording, depositing, and disbursing monies, and reconciling the fee account are not adequately segregated. The Sheriff's Department has an office manager who performs all these duties, and a documented supervisory review of the accounting records is not performed. Proper segregation of duties is necessary to ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, an effective supervisory review should be performed and documented.

7.2 Receipting and depositing

Receipting and depositing procedures need improvement.

- Prenumbered receipt slips are not issued for all monies received at the Sheriff's Department. Five receipt slip books are used simultaneously to record bond receipts at the detention center, and the numerical sequence of receipt slips issued is not accounted for properly. Further, bond forms are not prenumbered.

- Monies received are not deposited intact or in a timely manner. For example, a cash count performed on June 23, 2009, included three checks totaling $105 that were not deposited with other receipts deposited on June 25, 2009. Instead, two of the checks totaling $70 were deposited on July 1, 2009, and the other check for $35 was held until July 14, 2009, when it was turned over to the courts. It is unclear why the two checks were deposited at a later date. The clerk indicated the third check was determined to be owed to the court and not the Sheriff's Department.

  Also, records indicate cash totaling $1,189 received between June 7, 2009, and June 16, 2009, was not deposited until June 22, 2009.

- Checks are not restrictively endorsed immediately upon receipt.

To ensure receipts are recorded and accounted for properly, prenumbered receipt slips should be issued for all monies received, deposits should be made intact on a timely basis, and checks should be restrictively endorsed immediately upon receipt. Further, the number of receipt slip books used at one time should be limited, bond forms should be prenumbered, and the numerical sequence of receipt slips and bond forms should be accounted for properly.

7.3 Vehicles

The purchase of two Sheriff Department vehicles may represent a conflict of interest, and there was no documentation to indicate bids were solicited or any other evidence of price comparisons. The county issued checks totaling $10,950 to two different retail car dealerships for two used vehicles for the Sheriff"s Department on April 16, 2009. According to the vehicle titles, these vehicles were not transferred from a wholesale dealership to the retail car dealers until April 17, 2009 (the next day), and one of the owners of the wholesale dealership was an employee of the Sheriff's Department at the time of this sale. It is unclear if this employee benefitted from this transaction.

To avoid situations that represent actual or apparent conflicts of interest and ensure the propriety of all purchases, the Sheriff and County Commission should carefully review vehicle purchases and ensure bids are solicited.

Recommendations

The Sheriff:

7.1 Segregate accounting duties to the extent possible. If proper segregation is not possible, an effective supervisory review should be performed and documented.

7.2 Issue official prenumbered receipt slips for all monies received and deposit all monies intact in a timely manner. Prenumbered bond forms should be used and the numerical sequence of receipt slips and bond forms should be accounted for properly. In addition, the Sheriff should ensure checks are restrictively endorsed immediately upon receipt.

7.3 And County Commission carefully review vehicle purchases to avoid situations that represent actual or the appearance of conflicts of interest and solicit bids for vehicle purchases.

Auditee's Response

The Sheriff provided the following written responses:

7.1 The office manager's work is reviewed by another employee in the office.

7.2 We now are only using one receipt book and have ordered prenumbered bond forms. We are also considering a new accounting system for the Sheriff's office.

7.3 The vehicle purchase was one of the first purchases made for the office under my administration. The employee who was authorized to make the purchase for the Sheriff's office is no longer employed by the county.

8. Prosecuting Attorney Controls and Procedures

Accounting duties are not adequately segregated, and better accountability is needed for receipts, liabilities, and petty cash. Also, some trip expenses were not adequately documented.

The Prosecuting Attorney's office collected court-ordered restitution, delinquent taxes, and bad check restitution and fees totaling approximately $287,000 and $210,000 during the years ended December 31, 2009 and 2008, respectively.

8.1 Segregation of duties

A clerk in the Prosecuting Attorney's office performs all accounting duties including receipting, depositing, disbursing, and reconciling the bank account. Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, at a minimum, an effective supervisory review should be performed and documented.

8.2 Receipting and depositing

Receipting and depositing procedures need improvement.

- The numerical sequence of computerized receipt slips is not accounted for properly. When we inquired about a receipt number that was not included on receipt reports, software support personnel indicated the information associated with the missing receipt number was most likely reversed out of the bad check system because of an error and there was no audit trail in the system to track it. No information was maintained to document a reversal or to associate this missing receipt number to subsequent entries into the system.

  In addition, the computerized bad check system allows the user to change the date of receipt slips. We noted receipt slips were not dated in sequential order. When asked about the order of the receipt slip numbers, the clerk indicated she may have changed the dates of receipt slips.

- Partial payments of bad check restitution and fees are sometimes authorized by the clerk if the defendant cannot make full payment within the required 10 days. Payments are held and not deposited until full payment is received. There is no documented approval by the Prosecuting Attorney authorizing the collection of partial payments for some cases. On July 29, 2009, we noted money orders totaling $500 attached to a 10-day payment request letter dated May 11, 2009. According to the clerk, the payor had been making payments based on a verbal agreement with the clerk and the money orders were being held until full payment was received. The payor did not fulfill the verbal agreement, the money orders were deposited, and charges were filed on August 5, 2009.

To properly account for all monies received, the numerical sequence of all receipt slips should be accounted for properly, documentation should be maintained to support entry changes to the bad check system, and procedures should be established documenting the process to determine when payment plans are allowed, how the payment amount is to be established, and the approval process for these plans.

8.3 Liabilities

Liabilities related to the Prosecuting Attorney's bank account are not identified at the end of the month. At the end of December 2008, the reconciled cash balance exceeded liabilities by approximately $500, and at the end of September 2009, the difference was approximately $1,000. The clerk indicated the amount probably represented restitution receipts that needed to be paid out, but a specific case or payee could not be identified. Without regular identification and comparison of liabilities to the reconciled cash balance, there is less likelihood errors will be identified and the ability to both identify liabilities and resolve errors is diminished.

8.4 Expense reimbursements

Some undocumented expense reimbursements not approved by the County Commission were subsequently paid from one of the Prosecuting Attorney's discretionary funds, and a trip to a seminar was extended for 2 days resulting in additional costs incurred by the county. The Prosecuting Attorney's office manager incurred costs totaling $1,833 to attend training at Marco Island, Florida. The county reimbursed the Prosecuting Attorney's office manager $1,625. The balance of $208 was not approved by the County Commission because of the lack of documentation, but was later reimbursed from the Prosecuting Attorney's Administrative Fees Fund. Additionally, included in the $1,625 reimbursed by the county were costs totaling approximately $600 for hotel, food, and car rental for 2 days after the seminar ended. The office manager indicated she and her husband stayed the additional days because of the difficulty in scheduling a flight before the Memorial Day holiday. Further, these check requests were approved by the office manager and not the Prosecuting Attorney.

The monies in these funds represent public funds and county officials have a fiduciary responsibility to ensure disbursements are properly reviewed and approved, and represent necessary and reasonable uses of public funds.

Recommendations

The Prosecuting Attorney:

8.1 Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

8.2 Ensure the numerical sequence of receipt slips is accounted for properly and work with the software vendor to ensure an audit trail exists for all receipt numbers and receipt dates cannot be changed. In addition, the Prosecuting Attorney should deposit all monies timely and establish procedures and requirements for payment plans.

8.3 Establish procedures to identify liabilities and reconcile them to the cash balance.

8.4 Ensure all disbursements are properly reviewed and approved, and represent necessary and reasonable uses of public funds.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

8.1 We have already placed safe guards in place to segregate accounting duties as best we can with such a small staff. My office manager, who is always the second signature on the checks, will check over and work with the clerk that handles the Bad Check fund in my office. However, there are issues that are hard to over come. We lack adequate staff to have more than one person doing the job of our Check staff member. But, we will make sure there is more of documented management oversight.

8.2 We have already changed to make sure that there is a numerical sequence as it applied to receipt slips so that there is at least a computer trail for any other audit. We will make sure that all money is deposited in a timely manner as well as sending partial payments out to merchants on their checks. The computer vendor has already worked with us so that we could make sure both items are corrected.

8.3 We have already put into place procedures to make sure we identify liabilities as related to our bank account. A better computer trail has been or will be identified for audit reasons so that we can get all of the money identified so that those liabilities can be reconciled to the bank balance.

8.4 Finally, 8.4 is something that needs to be addressed. At one point, my office did not have all receipts for the items that we purchased in compliance with the County employee manual because most of us would use a credit card and turn in that receipt, which would always be more than what was allowed by the County. A concern was brought up that we did not have the receipts to show that alcohol was not purchased as in accordance with the County employee manual. That has been changed. Also we want to make sure that all items purchased with the public's money are accounted for and a paper trial is always created. There are times; however, that we may be in a location that makes it cheaper to stay an extra day or night in order to obtain the cheaper air flights. My office *manager found herself in a situation when she took a trip to Marco Island, Florida, for a seminar. It was cheaper to wait for a particular flight and also difficult to obtain any flight out of Florida because of the particular weekend. However, I agree that we must be able to verify every penny spent of the public's money. Plus, we will make sure that I am always the one to approve or disapprove any public funds and not the office manager. We will and have done all that is possible to make sure that all of the public funds that are spent are not wasted. I instructed my office from day one that no one is able to obtain and expend any public funds without my written approval. I believe strongly that this office is not my office, but the office of the citizens of Christian County. I have strived to make this office as efficient as possible and run as if it were any other business.*

9. Public Administrator Controls and Procedures

The Public Administrator is the court appointed personal representative for wards of the Associate Circuit Court-Probate Division, and is responsible for the financial activity of approximately 80 individuals. Our review identified weaknesses involving depositing monies and reconciling bank accounts.

9.1 Undeposited checks

Rent rebate checks from the state and stimulus checks from the federal government are received by the Public Administrator on behalf of wards and held for extended periods of time and not deposited. On June 30, 2009, we counted six checks totaling $3,955 held by the Public Administrator, with one check ($300) dated June 13, 2008, void because it was held over a year. According to the Public Administrator, these types of checks are often held for future expenses so a ward's estate assets remain below Medicaid eligibility limits.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited timely. In addition, Section 208.210.1, RSMo, requires recipients to notify county welfare offices if they possess property which affects their right to receive benefits. Further, Section 208.210.2, RSMo, provides that if it is found that a recipient or spouse possessed income in excess of the amount reported that would affect his right to receive benefits, the amount of benefits may be recovered as a debt due the state.

9.2 Bank reconciliations

Adequate bank reconciliation documentation is not maintained, and the Public Administrator does not review the bank reconciliations performed by his clerk. The Public Administrator indicated bank reconciliations are performed on the computer system and are not saved, and previous reconciliations are not available from the system.

To ensure bank statements are properly reconciled to accounting records, documentation should be maintained of the reconciliation performed by the clerk and it should be reviewed by the Public Administrator.

Recommendations

The Public Administrator:

9.1 Discontinue the practice of holding checks and contact the Department of Social Services, Family Support Division, to determine whether any monies are due to the state. In addition, monies should be deposited timely.

9.2 Maintain documentation of bank reconciliations and ensure periodic reviews of bank reconciliations are performed and documented.

Auditee's Response

The Public Administrator provided the following written response:

Since your visit to our office April 15, 2010, our office has met your recommendations and those changes have been implemented.

10. Election Fund

The Election Fund account maintained by the County Clerk has accumulated a cash balance of over $14,000. Costs for each special election are estimated by the County Clerk, and the political subdivisions are billed their share of the costs based on the number of registered voters in the political subdivision. Following the election, the actual costs are determined, and the political subdivisions are either refunded any amount overbilled or billed for the correct amount due. At December 31, 2008, the balance in the account was approximately $7,800 and this amount had almost doubled to approximately $14,000 at December 31, 2009. These monies could represent overpayments from political subdivisions for election costs or General Revenue Fund monies. To ensure all political subdivisions are appropriately billed election costs and subsequently refunded overpayments, the County Clerk should review the activity in this account and disburse the balance appropriately.

Recommendations

The County Clerk should review the activity in the Election Fund bank account and disburse the balance to the appropriate political subdivisions.

Auditee's Response

The County Clerk provided the following written response:

I have disbursed to the County Treasurer a check for $8,600.00 for postage that has accrued over the past years and will continue to disburse the postage to the County after each election.

11. County Assessor

Improvement is needed in controls over receipts in the County Assessor's office, and personal property information provided by the Missouri Department of Revenue (DOR) is not used to verify personal property assessments.

11.1 Receipts

Receipt slips do not always indicate method of payment to allow for the composition of receipts to be reconciled to the composition of monthly turnovers. Additionally, there are no documented reviews of monthly turnovers. The County Assessor's office collects approximately $5,000 annually in map sales and other fees.

To adequately account for monies received and reduce the risk of loss or misuse of funds, receipt slips should indicate the method of payment, the composition of receipt slips should be reconciled to the composition of the transmittal, and documented reviews of transmittals should be performed.

11.2 Personal property

There is no documentation to indicate the County Assessor uses personal property information provided by the DOR to verify the accuracy of personal property assessments. In accordance with Section 137.116, RSMo, the DOR transmits to each County Assessor a list containing a description of all motor vehicles, motor boats, and trailers registered in the county, along with the name and address of the owner. This statute further stipulates that each County Assessor shall use the report issued by the DOR to assist in preparing lists of all personal property in the county.

In October 2009, the County Assessor was indicted on four counts of defrauding the government and the people of Christian County by not including assessments on the county's tax books of some personal property owned by her and her husband's business.

Recommendations

The County Assessor:

11.1 Ensure receipt slips indicate method of payment and perform documented reviews of the transmittals.

11.2 Utilize the list provided by the DOR to verify the accuracy of personal property assessments.

Auditee's Response

The Chief Deputy Assessor provided the following written responses:

11.1 After reviewing the receipt book and conversation with the lady who records this information, I find that there is now the indication of the method of payment as cash or check, and if paid by check, the check number is recorded on the receipt. The receipts are in triplicate with the original given to the customer. At the end of the month, the second copy is given to the Treasurer along with the collected money - a duplicate of this copy is delivered to the on-site

Auditor and the third copy remains as permanent copy in the receipt book. The receipt from the Treasurer's Office showing the monthly collection amount is then stapled to the last page of receipts for the month.

11.2 This list is searched each time a waiver is requested. It is also used if there is any question of year, make, model, etc. or year tagged, as well as being used to document place of residency. Although the DOR list is not always completely up to date at certain times of the year, and we are limited by the number of licenses, we are using this tool to greater advantage each year.

12. Department Controls

Procedures related to segregation of duties need improvement for the Planning and Zoning, Building Inspections, and the Emergency Management departments. One individual in each of these offices is responsible for most accounting duties and a documented supervisory review of the accounting records is not performed. These offices collected a total of approximately $193,000 and $240,000 during 2009 and 2008, respectively.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation cannot be achieved, at a minimum, an effective supervisory review should be performed and documented.

Recommendations

The County Commission segregate accounting duties to the extent possible in the Planning and Zoning, Building Inspections, and Emergency Management departments. If proper segregation is not possible, an effective supervisory review should be performed and documented.

Auditee's Response

The County Commission provided the following written response:

In response to comments that procedures related to segregation of duties need improvement for the Planning & Zoning, Building Inspections, and the Emergency Management departments, please note the Christian County Commission has addressed this with the Planning & Zoning, Building Inspections, and the Emergency Management departments to cross-train and segregate duties to properly safeguard all assets.

Christian County
Organization and Statistical Information

Christian County is a county-organized, second-class county and is part of the Thirty-Eighth Judicial Circuit. The county seat is Ozark.

Christian 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.

Elected Officials and Their Compensation Paid

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

Officeholder	2010	2009
John Grubaugh, Presiding Commissioner	$	33,285
William Barnett, Associate Commissioner		31,185
Tom Huff, Associate Commissioner		31,185
Roy Meadows, Recorder of Deeds		47,250
Kay Brown, County Clerk		47,250
Ron Cleek, Prosecuting Attorney		109,366
Joey Kyle, Sheriff		58,000
Karen Mathews, County Treasurer		47,250
Arthur Adams, County Coroner		16,800
Ken Davis, Public Administrator		53,000
Ted Nichols, County Collector (1), year ended February 28,	78,148	
Sandra Bryant-Littles, County Assessor, year ended August 31,		47,250
Loyd Todd, County Surveyor (2)		
Susan Yarnell, County Auditor		49,350

(1) Includes $28,898 of commissions earned for collecting city property taxes.

(2) Compensation on a fee basis.