



# Thomas A. Schweich

Missouri State Auditor

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## Warren County

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June 2011  
Report No. 2011-30



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<http://auditor.mo.gov>



**Thomas A. Schweich**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the Warren County

Commission Minutes	The County Commission is not always maintaining a record of votes taken during closed meetings, as required by the Sunshine Law.
Fuel Use	The county does not require mileage and fuel use logs for county vehicles and equipment in the road and bridge department, and fuel use is not reviewed and reconciled to fuel purchases. Proper oversight is needed to prevent and detect errors, theft or misuse.
Gift Cards	The Assessor and Sheriff used county funds to purchase gift cards, which they gave to employees at the end of the year as appreciation awards. The Missouri Constitution forbids the payment of additional compensation, such as bonuses, to public employees for services already rendered. Moreover, the gift cards were bought with county monies from the Assessment Fund and Sheriff's Civil Fund, which have restrictions on how those monies can be used.
Computer Passwords	Passwords for county computers are not changed regularly to ensure confidentiality and reduce the risk of unauthorized users.

In the areas audited, the overall performance of this entity was **Good**.\*

American Recovery and Reinvestment Act 2009 (Federal Stimulus)	<p>During the 2 years ended December 31, 2010, the county was awarded \$422,564 in ARRA funds:</p> <p>A \$29,305 Recovery Act: Edward Byrne Memorial Justice Assistance Grant Program Local Solicitation grant which was spent by the Sheriff's department to purchase 19 mobile data terminals.</p> <p>A \$13,645 Emergency Food and Shelter National Board Program grant, of which \$10,111 was expended to provide meals, assist with rent or mortgage and assist with utility bills for needy families and individuals. The remaining \$3,534 was reclaimed by the Emergency Food and Shelter National Board.</p> <p>A \$37,998 Nonmonetary Immunization grant provided 1,652 vaccines to the county which were administered by the county health department.</p> <p>A \$262,106 Homelessness Prevention and Rapid Re-housing Program grant to help families and individuals who are at risk of becoming homeless and those experiencing homelessness who need temporary assistance obtaining and retaining housing, of which \$187,509 was received during the year ended December 31, 2010. Boonslick Regional Planning Commission received \$3,790 of this for administration of the grant, North East Community Action Corporation received \$95,554 and Saints Joachim &amp; Ann Care Service received \$88,165.</p>
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The Warren County Developmental Disabilities Board received \$79,510 through the Medicaid Federal Medical Assistance Percentage grant, of which \$35,500 was disbursed to two entities which used it to renovate a playground for children with developmental disabilities and repair and renovate a building used by developmentally disabled adults.

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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# THOMAS A. SCHWEICH

## Missouri State Auditor

To the County Commission  
and  
Officeholders of Warren County

We have audited certain operations of Warren County in fulfillment of our duties under Section 29.230, RSMo. In addition, McBride, Lock & Associates, Certified Public Accountants, has been engaged to audit the financial statements of Warren County for the 2 years ended December 31, 2010. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2010. The objectives of our audit were to:

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

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Warren County.



Thomas A. Schweich  
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice Fast, CPA, CGFM, CIA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Tina Disney, M. Acct
Audit Staff:	Emily Bias Monique Williams

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# Warren County Management Advisory Report State Auditor's Findings

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## **1. Commission Minutes**

Records of votes taken in several closed sessions were not maintained. Section 610.020, RSMo, requires a record of votes taken in closed session be retained.

### Recommendation

The County Commission ensure votes taken in closed sessions are retained as required by the Sunshine Law.

### Auditee's Response

*The County Commission provided the following response:*

*We do not always take votes when we decide to hire someone upon a department head's recommendation. We talk about it and usually have a consensus, but do not take votes. We will try to document votes in the future.*

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## **2. Fuel Use**

The county has not established effective monitoring procedures regarding fuel use for the road and bridge department. Mileage and fuel use logs are not maintained for county vehicles and equipment, and fuel use is not reviewed or reconciled to fuel purchases. As a result, theft and misuse of fuel could go undetected. During the 2 years ended December 31, 2010, the county incurred fuel costs of approximately \$198,000 for the road and bridge department.

Maintenance and review of vehicle and equipment mileage and fuel use logs and comparison of log information and inventory records to fuel purchases, are necessary to ensure vehicles and equipment are properly utilized, to prevent paying vendors for improper billing amounts, and to decrease the risk of theft or misuse of fuel occurring without detection. Logs should provide sufficient details so the county can effectively monitor vehicle and equipment use and fuel costs.

### Recommendation

The County Commission require mileage and fuel use logs for all vehicles and equipment and review the logs for reasonableness. In addition, fuel use should be reconciled to fuel purchases, and any significant discrepancies should be investigated.

### Auditee's Response

*The County Commission provided the following response:*

*We are obtaining a computer system that monitors fuel pumped for clear and red diesel. We expect to have this system up and running by the first of October. Once the system is up and running, we will perform these reconciliations.*



### 3. Gift Cards

During the 2 years ended December 31, 2010, the Assessor and Sheriff purchased gift cards to give to their employees at the end of each year as appreciation awards. The Sheriff purchased \$7,750 of cards using the Sheriff's Civil Fund and the Assessor purchased \$450 of cards using the Assessment Fund.

These gift cards may represent additional compensation in the form of bonuses for services previously rendered, in violation of Article III, Section 39 of the Missouri Constitution.

In addition, the purchase of gift cards does not appear to be an allowable use of these county funds. Section 57.280, RSMo, allows Sheriff's Civil Fund monies to be used only for the procurement of services and equipment to support the operation of the Sheriff's Office, and Section 137.725, RSMo, allows Assessment Fund monies to be used only for the salary and expenses of the Assessor's office.

### Recommendation

The County Commission, along with the Sheriff and Assessor, ensure all disbursements are necessary and beneficial to county residents.

### Auditee's Response

*The County Commission provided the following response:*

*We had reservations about these purchases and questioned the officials. This audit reaffirms our opinion and we will not approve these requests in the future.*

*The Sheriff provided the following written response:*

*At the Warren County Sheriff's Department Employee Award and Recognition Banquet held in December of both 2009 and 2010 I presented each of my employees with a fifty-dollar (\$50) Wal-Mart gift card. The cards presented for both years was \$7,750 in total.*

*The purpose of the banquet and the cards was to recognize each of the employees and the contributions they have made to the organization. As a result of such awards and recognition in front of their peers we have significantly impacted the motivation of the department, we have brought the employees of the various divisions closer on a personal level, we have become familiar with each other's families, we have reduced turnover, we have minimized rumors and gossip, we have fostered a sense of belonging and ownership, and have become more effective and efficient in serving the citizens of Warren County.*

*As the elected Sheriff of Warren County I am both a manager and a leader. I am responsible for managing the financial budget and physical equipment of the overall agency, and I am the leader of the Sheriff's Department*



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*employees. While I strive to be fiscally responsible for every penny I spend I am also constantly aware of the physical and emotional wellbeing of my employees. At any moment in time my personnel are directly responsible for not only their own safety and security, but that of the thirty-thousand residents of Warren County. To this end I utilize any method, resource, or tool at my disposal to motivate, lead, and manage. Napoleon once said that a soldier will fight long and hard for a bit of colored ribbon. I simply expanded upon that philosophy by not only presenting cloth service awards, but also paper certificates, public praise, and the Wal-Mart gift cards. My actions were based upon my interpretation of Missouri Statue 57.280 which states the Sheriff's Civil Fee funds may be expended at the discretion of the Sheriff for the furtherance of the Sheriff's set duties.*

*As a result of the recent opinion and advice of the Missouri State Auditor's Office I will discontinue the practice of awarding the gift cards.*

*The Assessor provided the following written response:*

*I, Wendy Nordwald the Warren County Assessor held a 2010 Recognition and Appreciation Night for staff with the purpose of improving moral, productivity, employee longevity, motivation and efficiency within the Assessors' Office. Each employee was recognized for their contributions and skills that enhance the office productivity and service to the taxpayers in which we serve throughout the year.*

*In 2008 and 2009, 2 (two) job positions within the Assessors' Office were lost and to date have not been replaced. The entire Assessment staff had stepped up for the challenge and successfully handled the increased workload, increased responsibilities and without any increased compensation, therefore \$450 was spent on monetary money cards, to maintain as well as improve employee motivation, productivity, moral, longevity and efficiency.*

*Staff was recognized for their individual contributions and accomplishments in 2010 with a Personalized Certificate of Excellence and Individual Awards, along with monetary money card for wage compensation. As I interpret case law, *Kuyper vs. Stone County Commission*, 838 S.W.2d (Mo. Banc 1992), the Missouri Supreme Court held that the Assessor within the general amount budgeted, decides how much to pay employees of the office. The 2010 Recognition and Appreciation Night resulted in a lasting, positive and highly motivating effect on each and every staff member, and likewise beneficial to each taxpayer and/or resident to which we serve.*

*As a result of the discussion with the audit team and opinions of this report in the future to completely avoid these circumstances, I will either*



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*discontinue this practice completely or compensate my employees out of my own personal funds.*

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#### **4. Computer Passwords**

Passwords for county computers are not changed on a periodic basis to ensure confidentiality. Without procedures to periodically change passwords, there is less assurance passwords effectively limit access to the data files and programs to only those individuals who need access for completion of job responsibilities, and to reduce the possibility of unauthorized users.

#### **Recommendation**

The County Commission ensure passwords are periodically changed.

#### **Auditee's Response**

*The County Commission provided the following response:*

*We will talk to our IT person next week about setting up a schedule for changing passwords.*

# Warren County Organization and Statistical Information

Warren County is a county-organized, third-class county. The county seat is Warrenton.

Warren 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. The county employed 113 full-time employees and 13 part-time employees on December 31, 2010.

In addition, county operations include the Warren County Developmental Disabilities Board and the county health department.

## Elected Officials

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

Officeholder	2011	2010
Arden Engelage, Presiding Commissioner	\$	34,670
Daniel Hampson, Associate Commissioner		32,670
Hubert Kluesner, Associate Commissioner		32,670
Jerri Jordan, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Barbara Daly, County Clerk		49,500
Michael Wright, Prosecuting Attorney		109,366
Kevin Harrison, Sheriff		57,200
Gene Cornell, County Treasurer		36,630
Roger Mauzy, Sr., County Coroner		17,600
Jeffrey Hoelscher, Public Administrator		20,000
Linda Stude, County Collector, year ended February 28,	49,500	
Wendy Nordwald, County Assessor, year ended August 31,		49,500

(1) Compensation is paid by the state.



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**New County Facility**

In November 1994, the county passed a 1/2-cent sales tax for 15 years for the purpose of capital improvements for the county. In February 2008, the county renewed the 1/2-cent sales tax indefinitely. The county is in the process of building a new administration building with these sales tax monies. The building is scheduled to be completed in early 2012 with an estimated cost of \$6,531,255.

**American Recovery and Reinvestment Act of 2009 (Federal Stimulus)**

According to county personnel, the county was awarded the following American Recovery and Reinvestment Act of 2009 funding during the 2 years ended December 31, 2010:

A \$29,305 Recovery Act: Edward Byrne Memorial Justice Assistance Grant Program Local Solicitation grant was awarded by the U.S. Department of Justice for the improvement of information system and technology. During the year ended December 31, 2009, \$29,305 was received and expended by the Sheriff's Department to purchase mobile data terminals for 19 patrol vehicles.

A \$13,645 Emergency Food and Shelter National Board Program grant was awarded by the U.S. Department of Homeland Security to supplement and expand ongoing efforts to provide shelter, food, and supportive services for needy families and individuals. Warren County provided 2,644 meals to individuals in the county, assisted in paying rent or mortgage for 26 households, and assisted in paying utility bills for 15 households. During the year ended December 31, 2009, \$13,645 was received by Warren County and \$10,111 was expended. The remaining \$3,534 has been reclaimed by the Emergency Food and Shelter National Board.

A \$37,998 Nonmonetary Immunization grant was awarded by the Centers for Disease Control and Prevention and passed through by the Missouri Department of Health and Senior Services to provide 1,652 vaccines to the county. During the year ended December 31, 2010, vaccines with a cost of \$37,998 were received and administered by the County Health Department.

A \$262,106 Homelessness Prevention and Rapid Re-housing Program grant was awarded by the U.S. Department of Housing and Urban Development and passed through the Missouri Department of Social Services to provide help for individuals and families who are currently in housing but are at risk of becoming homeless, and individuals and families who are experiencing homelessness and need temporary assistance in order to obtain and retain housing. During the year ended December 31, 2010, \$187,509 was received and expended by Warren County related to this program. Warren County paid \$3,790 to Boonslick Regional Planning Commission for administration of the grant and \$95,554 and \$88,165 to subgrantees North East Community Action Corporation and Saints Joachim & Ann Care Service, respectively.



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The Warren County Developmental Disabilities Board received \$79,510 under Title V, Section 5001 of the Recovery Act which provided additional federal funding through the Medicaid Federal Medical Assistance Percentage grant. The grant was awarded by the Missouri Department of Mental Health. The payments were made for Medicaid expenditures reported between October 1, 2008, and December 31, 2010. For the years ended December 31, 2010 and 2009, \$79,510 was received by the board and \$35,500 was disbursed to two entities, leaving a balance of \$44,010 at December 31, 2010. Expenditures were for a flashing caution light system, boiler repair, and building renovation for an entity that serves adults with developmental disabilities and to renovate a playground for Warren County school children with disabilities.