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FOLLOW-UP REPORT ON AUDIT FINDINGS

Webster County



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Webster County

Follow-Up Report on Audit Findings

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*Includes selected findings



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To the County Commission
and
Officeholders of Webster County

We have conducted follow-up work on certain audit report findings contained in Report No. 2014-095, *Webster County* (rated as Poor), issued in October 2014, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the county about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
 - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
 - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
 - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
 - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the county, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation provided by county officials and held meetings with county officials. Documentation provided included fuel billings, various property tax reports, bank statements, receipt and deposit records, and various other financial records. This report is a summary of the results of this follow-up work, which was substantially completed during April and May 2015.

Nicole R. Galloway, CPA
State Auditor

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Status of Findings

1. Fuel Usage and Monitoring
- County officials had not established effective monitoring procedures for vehicle and equipment fuel use, and did not perform effective reviews of fuel billings.
- Similar weaknesses were noted in our prior county audit report (Report No. 2010-27), in which we reported the county terminated a county employee in 2009 who admitted to stealing county fuel, but did not sufficiently correct these weaknesses after the theft occurred. More recently, the County Commission terminated a road and bridge department employee in February 2011, who admitted to stealing an estimated \$5,200 of county fuel. The County Commission required restitution and it was paid in full. However, a review of procedures during this audit showed the County Commission still did not sufficiently correct weaknesses related to monitoring of fuel use and reviewing fuel billings.
- In our Report No. 2014-045, *Webster County Procurement Procedures and County Clerk*, we reported improper credit card purchases by the former Administrative Assistant to the County Clerk. We identified the former Administrative Assistant's name listed as a buyer on fuel card statements for periods several months after his termination date. As a result, we expanded our review of fuel procedures to include the period January 2012 through November 2013, and identified the following concerns.
- County review and payments
- The County Clerk and County Commission did not perform adequate reviews of fuel records prior to payments being made. As a result, the county made duplicate payments totaling at least \$10,932 in 2013 and \$29,396 in 2012. The vendor credited the county's account for the overpayments. In addition, the county did not always pay fuel card billings timely, resulting in late fees totaling \$2,225 during the year ended December 31, 2012.
- The County Clerk and County Commission did not periodically review the fuel card user list to ensure it only included authorized users. We reviewed the fuel card user list as of November 2013, and identified 8 former county employees still included on the fuel card user list, including the former Assistant Administrator, who was terminated on July 26, 2013. The former Assistant Administrator had issued himself a fuel card without approval of the County Clerk and County Commission.
- Sheriff's fuel cards and records
- The Sheriff's office maintained 23 vehicles, and fuel was obtained from bulk fuel tanks and also purchased using fuel cards and credit cards. We identified various concerns as follows.
- Employees sometimes shared fuel card PIN numbers. Additionally, Sheriff's office employees did not always accurately enter the vehicle odometer reading and, as a result, fuel card statements did not reflect



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accurate vehicle mileage. Also, manual fuel logs maintained by the Sheriff's office did not include all fuel purchases from local gas stations and these logs were not reviewed or used to reconcile fuel used to fuel purchased. Some fuel logs could not be located at the time of our review.

- The Sheriff did not adequately review monthly fuel card billing statements. Some purchases noted on the fuel card statements appeared questionable.
- The Sheriff's office did not adequately account for all fuel cards. The fuel card online system showed 31 fuel cards assigned to the Sheriff's office; however, the Chief Deputy could only account for 17 of those cards. Two of the 14 unaccounted for fuel cards were assigned to vehicles that had been sold. In addition, the Sheriff had not adequately evaluated the number of fuel cards needed for his office. Of the 31 fuel cards, 12 had no activity in 2013 (9 of which were among the 14 unaccounted for cards).

Road and bridge mileage
and fuel records

The road and bridge department maintained 48 vehicles and motorized pieces of equipment. The county used a computerized fuel control system to dispense fuel from the bulk tanks. Reports of fuel dispensed from the bulk fuel tanks were not reconciled to fuel purchases or to mileage and equipment logs maintained.

In addition, 17 fuel cards were used by 29 road and bridge department employees to complete work related to a grant project being administered by the City of Springfield. These fuel cards were used to purchase fuel at local gas stations. Fuel card purchases were not reconciled to mileage and equipment logs maintained by the road and bridge department. The county was subsequently reimbursed for fuel costs by the city.

Recommendation

The County Commission and County Clerk should work with the road and bridge department and Sheriff's office to establish adequate procedures and records to effectively monitor fuel use for completeness and reasonableness. In addition, fuel use should be reconciled to fuel purchases, and any significant discrepancies should be investigated. Also, the County Commission and County Clerk should implement procedures to ensure bills are paid accurately and timely to avoid late fees, and periodically review the fuel card user list to ensure only authorized users are included.

Status

Partially Implemented

During the time period reviewed (February 2015), fuel use was reconciled to fuel purchases for the road and bridge department and Sheriff's office. The fuel bill reviewed (March 31 bill closing date) included previous



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balances due. The county paid the previous balance due 2 weeks later when supporting documentation and related approvals were obtained. No late fees were assessed. The County Clerk's office implemented a new procedure requiring elected officials to document their approval of the odometer readings for vehicles in their respective offices; however, the County Assessor's office and road and bridge department failed to document their review of odometers for the time period reviewed. A documented review of the fuel user card list had not been performed at the time of our review.

2.2 County Procedures -
Written agreements

The County Commission did not obtain written agreements for the distribution of county aid road trust monies and capital improvement sales tax monies to the Seymour Special Road District. In addition, the Sheriff had not entered into written agreements with surrounding counties and cities for the boarding of prisoners.

Recommendation

The County Commission and Sheriff enter into written agreements with other political subdivisions as appropriate, and ensure the agreements are signed by all parties and specify the services to be rendered and the manner and amount of compensation to be paid.

Status

Partially Implemented

The County Commission indicated the county does not intend to enter into written agreements with the Seymour Special Road District. The Sheriff sent written agreements on March 17, 2015, to 4 surrounding counties for the board of prisoners; however, they have not yet been signed and returned. The Sheriff indicated he does not typically hold city prisoners for long periods of time.

3. Property Tax System
Controls and Procedures

County officials had not implemented adequate controls and procedures over the property tax system. Although some of these problems were noted in our previous 3 audit reports, and the County Clerk and County Commission indicated they would implement the recommendations, little progress had been made.

3.1 Tax books

The County Clerk did not prepare or verify the accuracy of the current or delinquent tax books prepared by the property tax system vendor.

Recommendation

The County Clerk prepare the current and delinquent tax books, or verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.

Status

Not Implemented

The County Clerk did not prepare or verify the accuracy of the 2015 tax books prior to charging the County Collector with the property tax amounts.



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The County Clerk indicated he will discuss this issue with the new County Collector and consider doing this in the future.

3.2 Review of activity

Neither the County Commission nor the County Clerk adequately reviewed the financial activities of the County Collector. The County Clerk maintained a spreadsheet summarizing property tax collections each month; however, the spreadsheet did not include charges, additions and abatements, protested amounts, and city collections. In addition, the County Clerk and County Commission did not adequately review and approve the County Collector's annual settlement. The County Clerk indicated he discussed the annual settlement with the County Commission; however, there were no procedures in place for the commission's review and approval.

Recommendation

The County Clerk maintain an accurate and complete account book with the County Collector. In addition, the County Clerk and the County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.

Status

Not Implemented

The account book maintained by the County Clerk is not complete. Charges, additions, abatements, city tax collections, and protested taxes are not included on the account book. Because the account book is not complete, the County Commission was not able to use it to review the accuracy and completeness of the County Collector's annual settlements. The County Clerk indicated he is working on including charges, additions, and abatements in the account book.

3.3 Additions and abatements

The County Commission and County Clerk did not review and approve property tax additions and abatements. The County Assessor made changes to the property tax system for additions and abatements, and manual court orders or other records were not prepared and compared to actual changes made to the property tax system. As a result, additions and abatements, which constituted changes to the amount of taxes the County Collector was charged with collecting, were not properly monitored and errors or irregularities could have gone undetected.

Recommendation

The County Commission and County Clerk review and approve additions and abatements and compare court orders or other supporting records to actual changes made to the property tax system.

Status

Partially Implemented

The County Commission reviewed a report of changes generated from the property tax system showing additions and abatements made by the County Assessor for March 2015, and plans to continue periodically reviewing and



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approving such changes. However, there was no comparison of reported property tax system changes to supporting manual records from which the process is initiated.

4. County Collector
Controls and Procedures

As similarly noted in our prior audit reports, improvement was needed in accounting controls and procedures of the County Collector's office.

4.1 Segregation of duties

The County Collector had not adequately segregated accounting duties and independent or supervisory reviews of accounting records were not performed.

Recommendation

The County Collector segregate accounting duties to the extent possible or ensure adequate independent or supervisory review of accounting and bank records are performed and documented.

Status

In Progress

Both the County Collector and the Deputy Collector are receipting and recording tax payments. The Deputy Collector prepares the deposit while the County Collector reviews the deposit; however, his review is not documented. An outside contractor is assisting the Deputy Collector in preparing the bank reconciliations, and the County Collector indicated he reviews the reconciliations; however, his review is not documented. The County Collector indicated he will document his reviews in the future.

4.2 Receipting, recording,
and depositing

Procedures for receipting, recording, and depositing needed improvement.

- County Collector's office personnel did not always record the method of payment accurately in the property tax system, and the composition of receipts recorded in the property tax system was not reconciled to the composition of deposits. We identified numerous instances where the composition of receipts in the property tax system differed from the composition of the deposit.

In addition, overpayments and subsequent refunds were not properly reflected in the property tax system and on daily collection reports; and the property tax system reduced the total cash amount on the daily collection report by the amount of refunds. As a result, the total amount recorded for cash did not agree to the total amount deposited.

- Property tax receipts were not always deposited timely.
- Fees received for issuing duplicate tax receipts were held, not deposited, and were used to make change throughout the year.



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Recommendation

The County Collector record the method of payment accurately, deposit monies intact and timely, and reconcile the composition of receipts to the composition of deposits. The County Collector should also consider working with the tax system programmer to implement changes to the system that will allow overpayments and refunds to be properly recorded in the property tax system.

Status

Partially Implemented

The County Collector took office March 1, 2015, and, as a result, had not had time to implement many of the recommendations by the time of our follow up.

During the time period reviewed (March 2 through March 13, 2015), the method of payment was not always recorded accurately, cash refunds continued to be provided to customers, and as a result, monies were not deposited intact and timely. The composition of receipts recorded on the daily collection report was not reconciled to the composition of receipts recorded on the audit journal page totals or to the composition of deposits. The office no longer collects duplicate tax receipt fees, and all duplicate tax receipt fees on hand were turned over to the County Treasurer in March 2015. The County Collector indicated no changes have been made to the property tax system. The County Collector indicated he will continue to take steps to implement our recommendations.

4.3 Bank reconciliation and liabilities

The County Collector did not compare the reconciled bank account balances to existing liabilities.

Recommendation

The County Collector reconcile bank balances to a list of liabilities monthly, and ensure any differences are investigated and resolved.

Status

Partially Implemented

The County Collector took office March 1, 2015, and, as a result, had not had time to implement many of the recommendations by the time of our follow up.

The County Collector indicated he is working to reconcile all bank account balances. As of March 31, 2015, the County Collector's primary bank account had been reconciled and had an unidentified balance of \$6,072, but the unidentified balance had not been investigated at the time of our review. In addition, the other bank accounts had not been reconciled at the time of our review.



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5.1 Public Administrator Controls and Procedures - Annual settlements, inventories of assets, and death notices

The Public Administrator did not always file annual settlements timely and did not always file inventories of assets and notify the court of the death of a ward timely. In addition, the Associate Circuit Court, Probate Division did not perform sufficient reviews of the activity of cases assigned to the Public Administrator. The Public Administrator did not provide documentation such as invoices, canceled checks, and all months' bank statements to the Associate Circuit Court, Probate Division when filing annual settlements. As a result, the court's review of the annual settlement and related documentation was limited to the last monthly bank statement (the only bank statement submitted to the court by the Public Administrator).

Recommendation

The Public Administrator ensure annual settlements are filed timely. The Associate Circuit Judge should establish procedures to adequately monitor the activity of cases assigned to the Public Administrator, and require supporting documentation such as invoices, canceled checks, and all bank statements be filed with the court.

Status

Implemented

The annual settlements we reviewed were prepared and filed timely with the court. The Public Administrator now files all bank statements and canceled checks for each estate with the Associate Circuit Court, Probate Division, at the time annual settlements are filed, and files invoices when requested by the Associate Circuit Judge.

6. Prosecuting Attorney Controls and Procedures

Improvement was needed in the accounting controls and procedures of the Prosecuting Attorney's office.

6.1 Segregation of duties

As noted in the prior audit report, the Prosecuting Attorney had not established adequate segregation of accounting duties or review and approval procedures. In addition, all personnel in the office had the ability to record adjustments to the computerized accounting system without obtaining independent approval, and adequate documentation of such adjustments was not retained.

Recommendation

The Prosecuting Attorney segregate duties to the extent possible, implement appropriate review and monitoring procedures, and require someone independent of receiving and recording monies to review and approve all adjustments.

Status

In Progress

The Prosecuting Attorney has adopted a written policy outlining the accounting duties and review and approval procedures of his office. All clerks in the office can manually receipt monies and the Office Specialist posts receipts to the system. The new policy requires office personnel to initial the manual receipt slips issued and for the Prosecuting Attorney to



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review and initial the receipt slips at least biweekly. During the time period reviewed (February 15 through February 28, 2015), all manual receipt slips were initialed by a clerk; however, the Prosecuting Attorney only initialed 18 of 31 manual receipt slips reviewed. The Prosecuting Attorney indicated he plans to document his review on all manual receipt slips in the future.

No adjustments were made from February 15 through February 28, 2015. The Prosecuting Attorney indicated he has adopted adjustment procedures. Any requested adjustments must be submitted to the Prosecuting Attorney for approval, with an explanation and any appropriate documentation. After approving adjustments, the Prosecuting Attorney has authorized the Office Specialist to make them. At the end of each month, a report of all adjustments will be prepared and provided to the Prosecuting Attorney, at which time he will match the requested adjustments with the adjustments made.

6.2 Receipting, recording, and transmitting

Procedures for receipting, recording, and transmitting monies needed improvement. The Prosecuting Attorney's office utilized 3 separate receipting systems (2 computerized and 1 manual) to track bad check restitution and fees, and court ordered restitution.

Manual receipts

Office personnel issued unofficial manual receipt slips for bad check restitution and fees, court ordered restitution, delinquent tax payments, and child support payments. Multiple receipt books were used concurrently and the numerical sequence of receipt slips was not accounted for properly. In addition, office personnel did not always indicate the method of payment, did not reconcile the composition of payments received to the composition of deposits, and did not always timely post manual receipt slip information to the computerized accounting systems.

Computerized receipting systems

Clerks concurrently used two computerized accounting systems during 2012 and 2013 to receipt monies collected, and neither of the computerized accounting systems provided a complete record of all monies received and processed. In addition, the numerical sequence of computerized receipt numbers was not accounted for properly. Receipts were not reconciled to transmittals.

Recommendation

The Prosecuting Attorney ensure a complete record of all monies received is maintained and monies are recorded promptly in the accounting systems. In addition, the Prosecuting Attorney should ensure the numerical sequence of receipt numbers are accounted for properly, official prenumbered receipt slips are issued for all receipts and reconciled to the accounting systems, and the composition of receipts is reconciled to the composition of transmittals.



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Status

In Progress

An Office Specialist was hired in February 2015, and accounts for the numerical sequence of manual and electronic receipt numbers, posts and reconciles receipts to the accounting system the same day received or the following day, ensures a complete record of all monies received is maintained, and reconciles the composition of receipts to the composition of transmittals. The Prosecuting Attorney indicated he plans to have the Office Specialist run a transaction report at the end of each month for his review. The Prosecuting Attorney also indicated he plans to stamp the new prenumbered receipt slips "Webster County Prosecuting Attorney" and manual receipt slips are now being issued for online payments.

6.3 Accounts receivable

The Prosecuting Attorney's office did not generate a monthly list of unpaid bad checks and restitution, and was not proactive in identifying cases with unpaid receivables. Improvement was needed to better monitor and pursue collection of unpaid receivables.

Recommendation

The Prosecuting Attorney establish procedures to monitor and collect accounts receivables.

Status

In Progress

An accounts receivable report is not currently generated. In March 2015, office personnel started going through each case file in an attempt to determine unpaid balances. The Prosecuting Attorney indicated he plans to have the Office Specialist print a report each month of unpaid bad checks and restitution. Both the Prosecuting Attorney and Assistant Prosecuting Attorney plan to review a portion of the report.

7. Recorder of Deeds
Controls and Procedures

Improvement was needed in the accounting controls and procedures of the Recorder of Deed's office.

7.1 Segregation of duties

The Recorder of Deeds had not established adequate segregation of accounting duties or review and approval procedures.

Recommendation

The Recorder of Deeds segregate accounting duties to the extent possible or ensure adequate independent or supervisory review of accounting and bank records are performed and documented.

Status

In Progress

The Recorder of Deeds indicated the Deputy Clerk still receives, records, and deposits all monies and prepares the bank reconciliation and month end reports. The Recorder of Deeds also indicated that he reviews the deposits before they are taken to the bank; however, he only documented his review



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on one of the deposits made during the month of February 2015. The Recorder of Deeds indicated he would better document his review in the future.

7.2 Bank reconciliations

The Deputy Clerk did not perform bank reconciliations or maintain a running check register balance. The Deputy Clerk only compared the bank balance to end of the month reports. We identified a small difference between the reconciled bank balance and book balance as of December 31, 2012.

Recommendation

The Recorder of Deeds prepare monthly bank reconciliations, maintain running balances in the check register, and reconcile bank balances to liabilities monthly. Any differences between accounting records and reconciliations should be investigated and resolved.

Status

Partially Implemented

A monthly bank reconciliation was prepared for February 2015. However, a running balance in the check register was not maintained, and a small difference still existed between the reconciled bank balance and book balance as of February 28, 2015.

7.3 Computer system controls

The Recorder of Deeds did not account for the numerical sequence of transaction numbers assigned by the computerized accounting system. According to the Deputy Clerk, if a customer did not want a receipt slip, she turned the printer off to ensure a receipt slip was not printed. Once the transaction was processed, the Deputy Clerk turned the printer back on and opened a new transaction to ensure the computerized accounting system was in sync with the printer, and then deleted that transaction number from the computerized accounting system. During October 1 through December 31, 2012, 2,052 transaction numbers were issued and 169 (8 percent) transactions were deleted and not accounted for.

Recommendation

The Recorder of Deeds ensure adequate controls are in place to allow for proper accountability of all transactions numbers.

Status

In Progress

The Recorder of Deeds now generates reports of all transaction numbers issued (including those deleted) for his review at the end of each month. However, he did not document his review on the February 2015 report provided to us for follow up. The Recorder of Deeds indicated he will document his review in the future.



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8.1 Sheriff Controls and Procedures - Receipting and transmitting

Receipting and transmitting procedures needed improvement. Jailers did not issue receipt slips for bond monies collected for other political subdivisions, documentation was not maintained to support the transmittal of bond monies to the Webster County Circuit Court, and bond forms were not prenumbered.

Recommendation

The Sheriff issue receipt slips for all bond monies collected, ensure the transmittal of bond monies between the Sheriff's office and Circuit Court is documented, and issue prenumbered bond forms.

Status

In Progress

During the time period reviewed (February 15 through February 28, 2015), receipts slips were issued for all bond monies collected and documentation of the transmittal of bond monies to the Webster County Circuit Court was maintained. Bond forms are still not prenumbered; however, the Sheriff indicated he plans to begin using prenumbered forms.