

Audit of the Clay County Treasurer

Overview and Statutory Authority

An audit of transactions during 2002 and current operations and procedures of the office of Clay County Treasurer was conducted by the Clay County Auditor. The following represents a report on the audit. In my opinion, this audit was conducted in compliance with the below referenced Missouri Revised State Statutes effective August 28, 2002.

Missouri Revised Statutes **Chapter 55 - County Auditors** **Section 55.160**

August 28, 2002

Duties (second class and certain first class counties).

55.160. He shall audit the accounts of all officers of the county annually or upon their retirement from office. The auditor shall audit, examine and adjust all accounts, demands, and claims of every kind and character presented for payment against the county, and shall in his discretion approve to the county commission of the county all lawful, true, just and legal accounts, demands and claims of every kind and character payable out of the county revenue or out of any county funds before the same shall be allowed and a warrant issued therefor by the commission. Whenever the auditor thinks it necessary to the proper examination of any account, demand or claim, he may examine the parties, witnesses, and others on oath or affirmation touching any matter or circumstance in the examination of such account, demand or claim before he allows same..
(L. 1945 p. 1406 § 13881a, A.L. 1973 H.B. 678, A.L. 1995 H.B. 559)

Scope of the Audit

The scope of this audit of the County Treasurer involves the following areas:

1. Revenue and Cash Receipting
2. Treasurer Reports
3. Computer Systems
4. Statute Review

The following pages represent the Clay County Auditor's report in performing an audit of the County Treasurer.

Summary of 1999 Findings

Below are the findings made by the County Auditor in the 1999 audit.

Finding # One

Not all revenues are being classified correctly by Clay County departments. This finding pertains to the County process for accounting of revenues.

Status - Improved

Finding # Two

There is no General Long Term Debt Account Group (GLTDAG) recorded in the County's general ledger.

Status - Resolved

Finding # Three

The Clay County Collector does not remit monies received that are obtained from the public for notary services, research, copies tax sale, etc. to the Treasurer as per the above reference statute and the below referenced Collector's statute. On September 15, 1999, the amount of money not turned over to the Treasurer was \$61,342.52. The Collector brought this to the Auditor's attention at that time and the issue should be solved as follows. The Auditor has recommended to the Collector that she disburse current relevant amounts to the Treasurer during January 2000. In addition, the Auditor has requested the Collector to remit these types of monies to the Treasurer on a monthly basis.

Status - Resolved

[Clay County Audit Report - 2003](#)

This audit report contains comments and findings on the County Treasurer. The Treasurer's office is organized as shown on the chart on the following page.

Background

The Clay County Treasurer is an elected official responsible for receipting, disbursing and investing all funds for the County. The Treasurer is also responsible for balancing, reconciling and ensuring that monies are correctly accounted for in separate funds as required by Missouri law.

The Treasurer's office is the ultimate collection point for all revenues coming into the County. All fee collection offices send monies where they are verified, receipted and banked. The Treasurer works with the bank chosen by the Commission by statutory bid. All public funds must be secured. Investments allowed are stated in the Missouri Constitution. The Treasurer is the Chief Investment Officer.

Other key duties of the Treasurer include:

- ✓ Administering trust funds.
- ✓ Reconciling bank statements.
- ✓ Writing jury checks.
- ✓ Receipting all funds coming to the Treasurer’s office in four parts signed by the Treasurer.
- ✓ Distributing eleven reports of monthly receipts to certain offices and departments occurs on a monthly basis.

Funding for the County Treasurer is provided by the General fund. A table indicating budget versus actual results for the Treasurer for the years 2002-1996 is shown below.

Year	Budget Amount	Actual	Difference	% Budget Spent
2002	148,165	145,501	2,664	98%
2001	144,975	144,452	523	99%
2000	124,967	123,907	1,060	99%
1999	133,531	118,541	17,410	89%
1998	123,737	122,910	827	99%
1997	129,624	126,241	3,383	97%
1996	137,641	106,442	31,199	77%

Procedures Performed

In performing the audit of the Treasurer, the following procedures were performed by the Clay County Auditor.

- Analyzed the process in receipting money and classifying revenues
- Identified and Assessed Treasurer Monthly Reports
- Reviewed all Missouri Revised Statutes applicable to the Treasurer

Revenue and Cash Receipting

County Auditor Procedures

State Statute 55.190 - 55.270, states “every officer of each county of the first class not having a charter form of government who is now or who may be hereafter authorized by law to collect fees for himself or for the county shall, on the last secular day of each month, make an itemized and accurate list of all fees in his office which have been collected by him and shall, upon receiving any money as payment of fees or costs or any other matter pertaining to his office, issue a duplicate numbered receipt and shall turn over daily one of each of such duplicate receipts issued by him during the day to the county auditor of such

county so that the auditor may compare the receipts with the monthly reports made by each of the officers to the auditor”.

Currently, the offices reporting fees collected to the auditor are the Prosecuting Attorney, Planning and Zoning, Juvenile, Sheriff, Circuit Clerk, Probate, County Clerk and Recorder of Deeds. Duplicate numbered receipts are provided with the report from the County Clerk and Recorder of Deeds. The report states from what source the money was received, how much was received and for what service. This information is then recorded by anticipated revenue line item and credited to the reporting department. It is then compared to the treasurers' revenue report at the end of each month to verify the fees collected were turned over to the treasurer and the treasurer credited the proper office and revenue line item for the fees collected. Duplicate numbered receipts are tracked to identify any missing receipts.

Daily reports are received from the Recorder of Deeds. These reports are checked and balanced daily and the information is compiled in a spreadsheet that is balanced at the end of each month stating how much was collected for deeds, marriage license, certified copies of marriage license, copies, information requests, additional fees and attachments and user fees. These fees are turned over to the treasurer. The Treasurer deposits the fees into various funds. General fund receives fees for all the categories named above except user fees. The Domestic Violence Fund receives \$10.00 for each marriage license issued. The Children's Trust Fund receives \$15.00 for each marriage license issued and \$7.00 for each certified copy of marriage licenses issued. The Recorder maintains a Records Preservation Fund that he deposits fees into and writes checks from through the treasurer. These revenues come from user fees of \$16.25 collected for each item recorded. The fees deposited in this fund are as follows: \$4.00 user fee, \$1.25 tech fee, \$3.00 homeless fee and \$2.00 statutory fee. The State of Missouri is due ½ the user fee or \$2.00, the \$3.00 homeless fee and the \$2.00 statutory fee. The check is written to the state at the end of each month for their amount due. The recorder is allowed to keep ½ the user fee or \$2.00 and the tech fee of \$1.25 per document. These revenues remain in the Records Preservation Fund for use by the recorder of deeds. There is also a \$25.00 “non-standard additional fee” on some documents recorded. That fee remains in the Records Preservation Fund. The \$6.00 fee per document recorded is collected for the CERF (County Employees Retirement Fund) fund and deposited with the county treasurer.

All revenues are checked for proper line item coding by the County Auditor's office. Some receipts are not revenues but are reimbursements and credited to expense line items. Not all reimbursements are allowed such as worker comp reimbursements, state reimbursements etc. that some departments request their payroll line item be reimbursed. There are anticipated revenue line items that those revenues belong in.

The County Auditor's office has identified recurring problems. Planning and Zoning make their deposits with the treasurer in a way that is hard to track. The amount reported on the monthly recap is not the amount the treasurer shows she collected. This could be the result of untimely deposits with the treasurer or the treasurer not receipting the revenue until the next day's business, which is likely to be a new month. Most departments deposit their fees in the treasury at the end of the month and those fees will show on the next month's receipts from the treasurer.

The cash accounts in each fund in Eden are verified with the treasurers' month end report. That is done every month-end in 2003, however in prior years, that was done twice a year in July and December due to the amount of time involved. In order to balance the cash account in each of the 31 funds, a comparison of revenues receipted in the Virchow Krause system (old accounting system) including reimbursements, a comparison of the accounts payable warrant registers and payroll registers and verification that any cash transfers were made in both systems was performed. It required 108 journal entries to correct the cash accounts in 2002. In some cases voided checks were duplicated, revenues were not posted as debits but as credits or not posted at all, transfers in and out were not posted, expenditures by wire transfer initiated by the treasurer were not posted and 2001 cash balances did not carry over to 2002. Journal entries were made to correct the cash balances as of 12/31/02.

County Treasurer Procedures

On a monthly basis, the Treasurer receives funds and provides receipts to a variety of County offices and departments as shown in the below table. Per Missouri Revised Statute, the Treasurer shall report receipts and expenditures to commission. According to 54.130, *as often and in such manner as may be required by the commission, he shall furnish an account of the receipts and expenditures of the county.*

Generally, the Treasurer receives all moneys payable into the county treasury, and disburses the same on warrants drawn by order of the county commission.

Revenue Classification

On a periodic basis, the Treasurer receives monies collected by County departments. These monies are deposited and are tracked. The Treasurer credits the revenue account in accordance with the *adopted county budget and chart of accounts* or the County department may *note* where the money should be classified. The Treasurer also receives wire transfers from the Missouri State Department of Revenue of sales tax monies. A report is provided by the State indicating the detail backup of the wire transfer.

At the end of each month, the Treasurer prepares various reports and distributes them to certain departments. The Summary Settlement report is signed by the Treasurer, Auditor and Clerk and that report is also distributed to certain departments. This report shows the total outstanding checks and a current book balance for each fund. *Bank statements reconcile to the month end report.* This report shows total current bank balance by fund less outstanding items and a current book balance for each fund.

The Clay County Treasurer sends a monthly “revenue receipts listing”, “anticipated revenue recognized” and “summary of settlement” reports to the Auditor. A copy of the receipts and deposit slips from the Park Fund are also included in the packet. The cancelled checks from the bank are also brought to the Auditor. The Auditor then enters the information from the “revenue receipts listing” into the accounting system as well as a manual general ledger. The “summary of settlement” report lists the outstanding warrant/checks for each fund. The Auditor balances to the “warrants out” figure and keeps a tape of the outstanding warrant/checks for the month.

Finding

Not all revenues are being classified or reported timely by Clay County departments. This finding pertains to the County process for accounting of revenues. Examples of this problem include the Treasurer not being notified of “electronic transfers” into the bank, by the department responsible for getting the electronic transfer. The department who is expecting a payment must inform the Treasurer that a payment is coming.

Recommendation

The Treasurer, Auditor and each specific department should hold meetings to resolve the classification of revenues.

Treasurer Reports

On a monthly basis, the Treasurer produces the following reports.

Report #	Report Description	Department(s) distributed to
3	Bank Account Master List	Treasurer
6	Bank Status for Month	Treasurer
10	Daily Transaction Report	Treasurer
17	Summary Settlement Report	Auditor, Commission, Clerk, Treasurer, Administrator, Partial copies to: Road & Bridge, Park, Assessor, Recorder
19	Anticipated Revenue	Auditor, Administrator, Treasurer, Partial to: Assessor, Prosecuting Atty, Planning & Zoning, Road & Bridge, Park, Sheriff
23	Bank Reconciliation	Treasurer
25	Semi-Annual Settlement	Same as full #17
27	Outstanding Check Register	Treasurer
29	Prosecutor Contingency	Prosecuting Atty, Treasurer
35	Monthly Revenue Receipt Listing	Auditor, Clerk, Administrator, Treasurer, Partial to: Assessor, Prosecuting Atty, Planning & Zoning, Road & Bridge, Park, Sheriff
37	Interest Breakdown	Treasurer

Computer Systems of the Treasurer

Background

Previously, the systems used by the Treasurer were outdated. The Treasurer has converted to the Eden financial system and is working on refining financial reports. The Treasurer enters revenues into the County's system. Many of the other functions provided by her current systems such as bank reconciliation will also be replaced by the Eden system. The Treasurer tracks sales taxes by fund and criminal bills of cost in excel spreadsheets.

Statutory Compliance

The Treasurer must comply with various Missouri revised statutes. Some of the statutes to be complied with by the Treasurer were previously mentioned in this report. Other key statutes are listed below with observations made by the Auditor.

To keep office at county seat--county commission to provide vault. 54.100.

The county treasurer shall keep his office at the county seat of the county for which he was elected, and shall attend the same during the usual business hours. The county commission shall provide said county treasurer with suitable rooms, and a secure vault in the courthouse or other building occupied by other county officers, and the county treasurer shall keep his office and records in such rooms and vault provided by the county commission. He shall receive all moneys payable into the county treasury, and disburse the same on warrants drawn by order of the county commission.

Auditor Observation

The Treasurer maintains her office at the County seat Liberty, MO. The Treasurer maintains office hours of 8am – 5pm. The County has provided the Treasurer with office space of which includes a vault. The vault is used for the following purposes.

- Storing Laser Printer MICR Cartridges
- PA warrant copies
- Petty Cash
- Cleared checks for month
- Working journals or check registers
- Work in progress
- Items given for safekeeping
- Letters of credit
- On-line banking information
- Securities
- File Cabinet keys
- Tax Anticipation Notes

Shall give duplicate receipts--inspection of books. 54.120.

He shall make duplicate receipts in favor of the proper person, for all moneys paid into the treasury, and keep the books, papers and moneys pertaining to his office at all times ready for the inspection of the commission, or any commissioner thereof.

Auditor Observation

The Treasurer provides receipts for all monies paid into the Treasury.

County revenue to be kept separate; warrants, how paid out, violation, penalty. 54.140.

It shall be the duty of the county treasurer to separate and divide the revenues of such county in his hands and as they come into his hands in compliance with the provision of law; and it shall be his duty to pay out the revenues thus subdivided, on warrants issued by order of the commission, on the respective funds so set apart and subdivided, and not otherwise; and for this purpose the treasurer shall keep a separate account with the county commission of each fund which several funds shall be known and designated as provided by law, and no warrant shall be paid out of any fund other than that upon which it has been drawn by order of the commission as aforesaid. Any county treasurer or other county officer, who shall fail or refuse to perform the duties required of him or them under the provisions of this section and chapters 136 to 154, RSMo, and in the express manner provided and directed, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine of not less than one hundred dollars, and not more than five hundred dollars, and in addition to such punishment, his office shall become vacant.

Auditor Observation

The Treasurer keeps all monies in 9 accounts as discussed earlier. While many funds are commingled into one bank account, the Treasurer keeps records by fund separately. One could read that the above statute may require the Treasurer to keep separate "bank accounts" for each fund, but it is believed that as long as each fund is accounted for separately then the spirit of the statute is met.

Certain accounts and reports to be certified (second class and certain first class counties). 54.145.

The county treasurer in counties of the first class not having a charter form of government and in counties of the second class shall keep an accurate account of all receipts and disbursements of funds of the county health center, county planning and zoning commission and the county building commission, and shall certify the accounts and reports relating thereto which are required by the county commission.

Auditor Observation

The County Health center is its own entity and is responsible for their own bookkeeping. The Planning and Zoning department reports to the County Commission and their records are kept by the County.

Shall settle semiannually--death--duty of commission. 54.150.

He shall settle his accounts with the commission semiannually, at its first and third regular terms in each year; and at the end of his term, or if he resign or be removed from office, he, or if he die, his executor or administrator, shall

immediately make such settlement, and deliver to his successor in office all things pertaining thereto, together with all money belonging to the county; and at each settlement the commission shall immediately proceed to ascertain, by actual examination and count, the amount of balances and funds in the hands of such treasurer to be accounted for, and to what particular fund or funds it appertains, and cause to be spread on its records, in connection with the entry of such settlement, the result of such examination and count. At the meeting of the county commission on the first Monday in March in each year, or at such other time as may be directed by law, the county treasurer shall make a full and complete settlement of his accounts, and exhibit his books and vouchers relating to the same, which settlement of his accounts, when accepted by the commission, shall be entered of record by the county clerk.

Auditor Observation

The Treasurer has settled her accounts with the Commission.

Additional duty (certain first class counties). 54.245.

Each county treasurer in counties of class one not having a charter form of government shall receive and make duplicate receipts for all moneys received by the county from the federal government under the general revenue sharing law, Public Law 92-512. Each county treasurer shall separate and divide all funds received under that law, and shall establish a separate account therefore. He shall pay out the revenues thus separated on warrants issued by order of the county commission, on the respective funds so separated, and not otherwise, and for this purpose the treasurer shall keep a separate account with the county commission of such fund.

(L. 1978 S.B. 775)

Auditor Observation

The County Funds - Federal Grants Fund #294 and Sheriff Grants Fund #274 – appear to be appropriately separated.

Recommendation

The County Auditor needs to conduct further meetings on the Grant process to verify compliance with this statute.