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CLAY COUNTY, MISSOURI

*SINGLE AUDIT REPORT
(OMB CIRCULAR A-133)*

YEAR ENDED DECEMBER 31, 2013

PREPARED BY



Meara . Welch . Browne
Certified Public Accountants & Consultants

CLAY COUNTY, MISSOURI
SINGLE AUDIT REPORT
(OMB CIRCULAR A-133)
YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable County Commissioners
Clay County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clay County, Missouri (the County) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 27, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 13-01 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 13-02 and 13-03 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Meara Welch Browne

Leawood, KS
September 29, 2014



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Honorable County Commissioners
Clay County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Clay County, Missouri's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 13-04, 13-05, and 13-06 to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 27, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Meana Welch Browne

Leawood, KS
September 29, 2014

CLAY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Passed through Missouri Department of Social Services:			
2013 Child Support Enforcement - Title IV-D Reimbursement	93.563	04MO4005	\$ 1,419,244
Total U.S. Department of Health and Human Services			<u>1,419,244</u>
U.S. Department of Homeland Security:			
Passed through Missouri Department of Public Safety:			
2013 Emergency Management Performance Grant	97.042	EMW-2013-EP-00028-025-5664	56,287
Passed through Mid-America Regional Council:			
Homeland Security Grant Program	97.067	2009-SS-T9-0062	2,874
Total U.S. Department of Homeland Security			<u>59,161</u>
U.S. Executive Office of the President:			
Passed through Kansas City Board of Police Commissioners:			
High Intensity Drug Trafficking Areas (HIDTA)	95.001	G12MW0005A	73,771
Total U.S. Executive Office of the President			<u>73,771</u>
U.S. Department of Justice:			
Passed through Missouri Department of Public Safety:			
2012 - 2013 Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2011-JAG-003	122,973
2012 - 2013 ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG)	16.803	2009-JAG-RA-101	10,724
Passed through Platte County, Missouri:			
2012 - 2013 Multi-Jurisdictional Cyber Crimes Grant	16.803	2009-MJCCG-051	11,703
Total U.S. Department of Justice			<u>145,400</u>
U.S. Department of Transportation:			
Passed through Missouri Department of Transportation:			
Airport Improvement Grant	20.106	AIR 13-107B-1	25,616
Highway Planning and Construction Grant (Bridge No. 1010007)	20.205	BRO-B024 (22)	173,936
Smithville Lake Trail Enhancement Project	20.205	STP-9900(462)	59,844
2012 - 2013 DWI Enforcement Grant (Sobriety Checkpoints)	20.607	13-154-AL-005	4,530
2013 - 2014 DWI Enforcement Grant (Sobriety Checkpoints)	20.607	14-154-AL-024	770
2012 - 2013 Hazardous Moving Violation Enforcement Grant	20.600	13-PT-02-007	2,670
2013 - 2014 Sobriety Checkpoints/Task Force Project	20.607	14-154-AL-025	634
Total U.S. Department of Transportation			<u>268,000</u>
Total Expenditures of Federal Awards			<u>\$ 1,965,576</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

CLAY COUNTY, MISSOURI
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2013

NOTE 1: ORGANIZATION

Clay County, Missouri (the County) is the recipient of several federal grants. The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal awards programs of the County for the year ended December 31, 2013. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

NOTE 2: BASIS OF PRESENTATION

The accompanying Schedule includes the federal grant activity of the County and is presented on the modified accrual basis of accounting. The information presented in the Schedule is in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: LOCAL GOVERNMENT CONTRIBUTIONS

Local cost sharing, as defined by OMB Circular A-102, Attachment F, is required by certain federal grants. The amount of cost sharing varies with each program and only the federal share of expenditures is presented in the Schedule.

NOTE 4: ADDITIONAL AUDITS

Grantor agencies reserve the right to conduct additional audits of the County's grant programs for economy, efficiency, and program results, which may result in disallowed costs to the County. However, management does not believe such audits would result in any disallowed costs that would be material to the County's financial position at December 31, 2013.

NOTE 5: SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the County provided federal awards to subrecipients during the year ended December 31, 2013 as follows:

Program Title	CFDA Number	Amount Provided to Subrecipients
2012 - 2013 Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	\$ 122,973
2012 - 2013 ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG)	16.803	\$ 10,724

CLAY COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2013

Section I - Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes No
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes No

Type of auditor's report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Number	Name of Federal Program
93.563	2013 Child Support Enforcement - Title IV-D Reimbursement

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as a low-risk auditee? Yes No

CLAY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013

Section II - Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with *Government Auditing Standards*

A. Internal Controls over Financial Reporting

13-01 – Lack of Accounting Oversight – Material Weakness

Condition: There were a significant number of audit adjustments made to the trial balance and financial statements provided by management. The audit adjustments were material and affected a significant number of general ledger accounts, as well as the conversion between the fund and government-wide financial statements.

Criteria: Preparation of the financial statements in compliance with generally accepted accounting principles is the responsibility of the County.

Cause of Condition: The County's operations are decentralized, and we noted that there was a lack of oversight in the accounting function. The County's accounting is complex and requires extensive expertise to ensure that the accounting and reporting are accurate and in accordance with applicable standards. The County's management needs staff in a higher-level accounting supervisory role with knowledge of government accounting to record year-end accruals under the modified accrual basis of accounting and perform the conversion between the fund and government-wide financial statements.

Potential Effect of Condition: The lack of accounting oversight could result in material misstatements of the County's financial statements.

Recommendation: We recommend the County's management have a qualified higher-level accounting supervisor to ensure that the accounting and reporting are accurate and in accordance with applicable standards. It was noted that the County Auditor's office has performed these tasks in prior years; however, the Auditor's office chose not to perform these tasks for the year 2013. For 2014 and future years, the County needs an auditor or accounting supervisor that will perform the following: convert cash basis accounting to accrual basis, preparation of supporting schedules for balances recorded in the general ledger at year-end, and preparation of draft financial statements in accordance with applicable standards.

Response and Corrective Action:

Historically, these functions have been performed by the County's elected Auditor. It is management's belief that the elected County Auditor has a duty to perform these functions.

The departments under control of the County Administrator are currently undergoing reorganization. As part of the reorganization, the position of Assistant County Administrator – Finance and Administrative Services was created. Should the elected County Auditor continue not performing the tasks identified in this finding, the Assistant County Administrator – Finance and Administrative Services will be tasked with ensuring the County has a qualified higher-level accounting supervisor working to ensure that its accounting and reporting are accurate and in accordance with applicable standards.

CLAY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013

13-02 – Treasurer’s Office - Significant Deficiency

Condition: There is currently no procedure in place for a supervisor to review the bank reconciliation for the County’s pooled checking account held by the County Treasury.

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting.

Cause of Condition: The County Treasurer’s office does not have adequate controls. Accounting tasks such as monthly reconciliations and reviews play a key role in proving the accuracy of accounting data and financial information that comprise year-end financial statements.

Potential Effect of Condition: The lack of oversight increases the chance of an error or irregularity going undetected. Potential misstatements in the financial statements, as well as misappropriation of assets, could occur and not be detected in a timely manner.

Recommendation: We recommend that the County Treasurer receive the appropriate training from the Chief Deputy Treasurer or the Auditor’s office to be able to review the bank reconciliations on a monthly basis for any unusual items, investigate and fully resolve any such items and document his or her approval by initialing the report.

Response and Corrective Action:

Historically, these functions have been performed by the County’s elected Treasurer. It is management’s belief that the elected County Treasurer has a duty to perform these functions.

The County Treasurer stated, “I will receive appropriate training and perform a monthly review of the monthly reconciliation. I will document any irregularities and solve them. I have also requested in my 2015 budget another deputy treasurer be hired with a job description that includes review of reconciliation records, in addition to my review to avoid this problem in the future.”

The departments under control of the County Administrator are currently undergoing reorganization. As part of the reorganization the position of Assistant County Administrator – Finance and Administrative Services was created. Should the elected County Treasurer continue not performing the tasks identified in this finding, the Assistant County Administrator – Finance and Administrative Services will be tasked to work with the County Treasurer to ensure procedures are in place for a supervisor to review the bank reconciliation for the County’s pooled checking account held by the County Treasurer.

13-03 - Sheriff’s Office - Emergency Fugitive Apprehension Fund - Significant Deficiency

Condition: The Emergency Fugitive Apprehension Fund’s bank account is held outside the County Treasury. Also, revenue received from the State of Missouri for reimbursement of per diem guard fees and mileage during extradition trips were not recorded in the appropriate funds in which the expenditures were recorded. This finding was originally reported in 2012.

CLAY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013

Criteria: Revised Missouri Statute 50.340 requires that all fees, fines, costs, commissions, penalties and charges imposed by law and collected by officers shall be paid into the County Treasury and become the property of the County. Revised Missouri Statute 50.360 requires that every officer shall, at the end of each month, pay over to the County Treasury all money collected by him from the above sources. Also, the County should account for revenues and expenditures in the appropriate funds to ensure proper matching of revenues and expenditures.

Cause of Condition: The Sheriff's Office maintains the bank account and holds County money outside the County Treasury without statutory authority. Also, the County did not reimburse other funds for expenditures reimbursed.

Potential Effect of Condition: Potential material misstatements in the financial statements, as well as misappropriation of assets, could occur and not be prevented or detected in a timely manner.

Recommendation: We recommend the County bring the Emergency Fugitive Apprehension Fund's bank account under the custody of the County Treasury and have the Sheriff's Office use the County's purchase cards for expenditures during extradition trips. Also, we recommend that the County properly record revenue received from the State of Missouri to reimburse expenditures from extradition trips in the appropriate funds that the expenditures were recorded.

Response and Corrective Action:

The Clay County Sheriff is an independently elected office holder with statutory authority to promulgate certain procedures and policies pertaining to that office. The account noted in this finding was established by a former sheriff over 25 years ago and has never been under the authority of the County Treasury. However, management understands the current County Sheriff has worked with the County Auditor and Treasurer to provide the elected County Treasurer custody of this account.

The County Sheriff stated, "I, Sheriff Paul C. Vescovo, III, have directed the Clay County Sheriff's Office staff to ensure that the Emergency Fugitive Apprehension Fund's bank account is recorded in the general ledger and brought under the custody of the County Treasury. Additionally, I have directed the responsible Clay County Sheriff's staff that revenues collected from the State of Missouri under Missouri Statutes 50.340 and 50.360 are to be recorded in the appropriate funds."

B. Compliance Findings

None reported.

CLAY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013

Section III – Findings and Questioned Costs for Federal Awards

A. Internal Controls over Compliance

13-04 - U.S. Department of Justice, Passed Through Platte City, Missouri, Multi-Jurisdictional Cyber Crimes Grant (CFDA #16.803) - Significant Deficiency

Condition: During the prior year audit of the Multi-Jurisdictional Cyber Crimes Grant, we noted that the County did not have an effective system of internal control in place to ensure compliance with the allowable costs/cost principles and reporting compliance requirements. We noted the following internal controls were not operating effectively:

- Supporting documentation of expenditures compared to a list of allowable and unallowable expenditures.
- Grant agreements and cost principles circulars available to key position responsible for determining activities allowed and allowable costs under federal award.
- Management reviews supporting documentation of allowable cost information.
- The general ledger or other reliable records are the basis for the reports.
- Periodic comparison of reports to supporting records by management.
- Review of monthly claim forms submitted to Missouri Department of Public Safety by Platte County, Missouri.

Criteria: The OMB Circular A-102 Common Rule requires that non-federal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. In addition, sound internal control practice requires the grantee (the County) to monitor internal controls to ensure their operating effectiveness. It also requires that appropriate and necessary documentation be retained for substantiating the internal control processes where practical.

Questioned Costs: None.

Cause of Condition: The County did not have appropriate internal controls in place to ensure compliance with unallowable costs/cost principles and reporting requirements.

Potential Effect of Condition: Lack of internal controls related to the allowable costs/cost principles and reporting compliance requirements could lead to questioned costs, unallowable expenditures and possible loss in funding.

Recommendation: We recommend the County implement the following processes and controls relative to ensuring compliance with the allowable costs/cost principles and reporting compliance requirements:

- Key position responsible for this grant should compare the expenditures supporting documentation to the list of allowable and unallowable expenditures.
- Grant agreements and cost principles circulars should be requested by the key position responsible for grant from Platte County, Missouri and review the grant

CLAY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013

budget for Clay County, Missouri along with list of allowable and unallowable expenditures.

- Member of management should review the supporting documentation of allowable cost information.
- Key position responsible for grant should review general ledger as part of the process for preparing reports to ensure expenditures being reported to Platte County, Missouri were recorded as expenditures.
- Management member should perform a comparison of reports to supporting records. See recommendation at finding 13-06.
- Key position responsible for grant should request and review monthly claim forms submitted to Missouri Department of Public Safety by Platte County, Missouri.

Response and Corrective Action:

The Multi-Jurisdictional Cyber Crimes Grant noted in this finding is a grant awarded to Platte County Missouri with Clay County being a sub recipient through its County Sheriff. The Clay County Sheriff is an independently elected office holder with statutory authority to promulgate certain procedures and policies pertaining to that office. However, management understands the current County Sheriff has revised its policies on financial handling to include better oversight of grant reporting requirements.

The County Sheriff stated, "Although the Clay County Sheriff's Office is currently not the recipient of any direct Federal grants, the Clay County Sheriff's Office has revised the current CCSO Policy to address the audit finding."

13-05 - U.S. Department of Justice, Passed Through Platte City, Missouri, Multi-Jurisdictional Cyber Crimes Grant (CFDA #16.803) - Significant Deficiency

Condition: During the prior year audit of the Multi-Jurisdictional Cyber Crimes Grant, we noted that the County did not have a separate individual reviewing reports prior to submission.

Criteria: As required by OMB Circular A-102 Common Rule, the County is required to have appropriate segregation of duties in place to ensure reports are accurately and timely prepared and submitted. It also requires that appropriate and necessary documentation be retained for substantiating the internal control processes where practical.

Questioned Costs: None.

Cause of Condition: The County did not have appropriate segregation of duties controls in place to ensure reports are prepared and submitted appropriately.

Potential Effect of Condition: Lack of internal controls related to the reporting compliance requirement could lead to questioned costs, unallowable expenditures and possible loss in funding.

CLAY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013

Recommendation: We recommend the County have a member of management review all reports prior to submission.

Response and Corrective Action:

The Multi-Jurisdictional Cyber Crimes Grant noted in this finding is a grant awarded to Platte County Missouri with Clay County being a sub recipient through its County Sheriff. The Clay County Sheriff is an independently elected office holder with statutory authority to promulgate certain procedures and policies pertaining to that office. However, management understands the current County Sheriff has revised its policies on financial handling to include better oversight of grant reporting requirements.

The County Sheriff stated, "Although the Clay County Sheriff's Office is currently not the recipient of any direct Federal grants, the Clay County Sheriff's Office has revised the current CCSO Policy to address the audit finding."

13-06 - U.S. Department of Justice

Passed Through Missouri Department of Public Safety, ARRA - Edward Byrne Memorial Justice Assistance Grant (CFDA #16.803) - Significant Deficiency

Passed Through Missouri Department of Public Safety, Edward Byrne Memorial Justice Assistance Grant (CFDA #16.738) - Significant Deficiency

Passed Through Platte City, Missouri, Multi-Jurisdictional Cyber Crimes Grant (CFDA #16.803) - Significant Deficiency

Condition: During the prior year audit, we noted that the County did not retain documentation to substantiate the internal controls over allowable costs/cost principles, reporting, and subrecipient monitoring compliance requirements. Consequently, we were unable to verify whether these internal controls were performed or operating effectively.

Criteria: The OMB Circular A-102 Common Rule require that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal awards and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. In addition, sound internal control practice requires the grantee (the County) to monitor the control activities to ensure their operating effectiveness. It also requires that appropriate and necessary documentation be retained for substantiating the internal control processes where practical.

Questioned Costs: None.

Cause of Condition: Lack of documentation of established internal controls over allowable costs/cost principles, reporting, and subrecipient monitoring compliance requirements.

Potential Effect of Condition: Lack of internal controls related to the reporting compliance requirement could lead to questioned costs, unallowable expenditures and possible loss in funding.

CLAY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013

Recommendation: We recommend that the County regularly monitor its control structure to ensure its adequacy and operating effectiveness. The following are internal controls that should be documented with notation and signature:

- Supporting documentation of expenditures compared to list of allowable and unallowable expenditures.
- Management member reviews supporting documentation of allowable cost information.
- Periodic comparison of reports to supporting records by management including subrecipient reports.
- For Multi-Jurisdictional Cyber Crimes Grant, review of monthly claim forms submitted to Missouri Department of Public Safety by Platte County, Missouri.
- Reviewing subrecipient reports and following-up on areas of concern.
- Monitoring subrecipient budgets.

Response and Corrective Action:

The Multi-Jurisdictional grants noted in this finding are grants awarded to the City of Gladstone Missouri and Platte County Missouri with Clay County being a sub recipient through its County Sheriff. The Clay County Sheriff is an independently elected office holder with statutory authority to promulgate certain procedures and policies pertaining to that office. However, management understands that the current County Sheriff has revised its policies on financial handling to include better oversight of grant reporting requirements.

The County Sheriff stated, "Although the Clay County Sheriff's Office is currently not the recipient of any direct Federal grants, the Clay County Sheriff's Office has revised the current CCSO Policy to address the audit finding."

B. Compliance Findings

None reported.

CLAY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2013

Findings Related to the Basic Financial Statements

12-01 - County Clerk's Office - Liquor Licenses - Significant Deficiency

Finding: The County has an inadequate segregation of duties over liquor license revenue. The County Clerk opens the mail, maintains cash receipts, prepares deposits, reviews liquor license applications, authorizes liquor licenses, and prints issued liquor licenses. Additionally, cash receipts were not logged when received and were not deposited in a timely manner.

Status: Corrected

12-02 - Sheriff's Office - Emergency Fugitive Apprehension Fund - Significant Deficiency

Finding: The Emergency Fugitive Apprehension Fund's bank account is held outside the County Treasury. Also, revenue received from the State of Missouri for reimbursement of per diem guard fees and mileage during extradition trips were not recorded in the appropriate funds in which the expenditures were recorded.

Status: Not corrected. See current year finding at 13-03.

Findings and Questioned Costs for Federal Awards

12-03 - U.S. Department of Justice, Passed Through Platte City, Missouri, Multi-Jurisdictional Cyber Crimes Grant (CFDA #16.803) - Significant Deficiency

Finding: During the audit of the Multi-Jurisdictional Cyber Crimes Grant, we noted that the County did not have an effective system of internal control in place to ensure compliance with the allowable costs/cost principles and reporting compliance requirements. We noted the following internal controls were not operating effectively:

- Supporting documentation of expenditures compared to a list of allowable and unallowable expenditures.
- Grant agreements and cost principles circulars available to key position responsible for determining activities allowed and allowable costs under federal award.
- Management reviews supporting documentation of allowable cost information.
- The general ledger or other reliable records are the basis for the reports.
- Periodic comparison of reports to supporting records by management.
- Review of monthly claim forms submitted to Missouri Department of Public Safety by Platte County, Missouri.

Status: Not corrected. See current year finding at 13-04.

CLAY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2013

- 12-04 - U.S. Department of Justice
COPS Technology Program (CFDA #16.710) - Significant Deficiency
Passed Through Platte City, Missouri, Multi-Jurisdictional Cyber Crimes Grant (CFDA #16.803) - Significant Deficiency

Finding: During the audit of the COPS Technology Program and Multi-Jurisdictional Cyber Crimes Grant, we noted that the County did not have a separate individual reviewing reports prior to submission.

Status: Not corrected for Multi-Jurisdictional Cyber Crimes Grant. See current year finding at 13-05.

- 12-05 - U.S. Department of Justice
COPS Technology Program (CFDA #16.710) - Significant Deficiency
Passed Through Missouri Department of Public Safety, ARRA - Edward Byrne Memorial Justice Assistance Grant (CFDA #16.803) - Significant Deficiency
Passed Through Missouri Department of Public Safety, Edward Byrne Memorial Justice Assistance Grant (CFDA #16.738) - Significant Deficiency
Passed Through Platte City, Missouri, Multi-Jurisdictional Cyber Crimes Grant (CFDA #16.803) - Significant Deficiency

Finding: We noted that the County did not retain documentation to substantiate the internal controls over allowable costs/cost principles, reporting, and subrecipient monitoring compliance requirements. Consequently, we were unable to verify whether these internal controls were performed or operating effectively.

Status: Not corrected for ARRA - Edward Byrne Memorial Justice Assistance Grant, Edward Byrne Memorial Justice Assistance Grant, or Multi-Jurisdictional Cyber Crimes Grant. See current year finding at 13-06.

- 12-06 - U.S. Department of Justice, COPS Technology Program (CFDA #16.710)

Finding: During the audit of the COPS Technology Program, we noted that the October - December 2012 quarterly report for grant award was not filed timely.

Status: Corrected