

**BUCHANAN COUNTY, MISSOURI**

**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Buchanan County, Missouri  
Single Audit Report  
For the Year Ended December 31, 2015**

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**Independent Auditor's Report on Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance**

To the Buchanan County Commission  
Buchanan County, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buchanan County, Missouri, (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 29, 2016, which contained a qualified opinion on the governmental activities and the aggregate discretely presented component units; and unmodified opinions on each major fund and the aggregate remaining fund information. We did not audit the financial statements of the Buchanan County Tourism Board or the Regional Emergency Medical Services Authority, discretely presented component units which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units. 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 basic 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.

St. Joseph, Missouri  
November 29, 2016



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ADDITIONAL INFORMATION

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**Buchanan County, Missouri**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Current Year Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<b>Passed through the City of St. Joseph</b>			
Community Development Block Grant	14.218		\$ 10,450
<b>U.S. Department of Justice</b>			
<b>Direct Program:</b>			
Asset Forfeiture and Money Laundering	16.922	MO0111000	10,316
Asset Forfeiture and Money Laundering	16.922	MO0110000	5,714
<b>Passed Through the Missouri Department of Public Safety</b>			
Buchanan County Drug Strike Force	16.738	2013-JAG-004	138,229
Buchanan County Drug Strike Force	16.738	2014-JAG-005	123,752
<b>Passed Through Platte County, Missouri</b>			
Multi Jurisdiction Cyber Crimes Grant	16.738		66,802
<b>Passed Through Missouri Kids First</b>			
National Children's Alliance	16.543	ST JOS-004-PS06	8,999
			<u>353,812</u>
<b>U.S. Department of Transportation</b>			
<b>National Highway Cluster</b>			
<b>Passed through the Missouri Department of Transportation -</b>			
State and Community Highway Safety	20.600	14-PT-02-016	3,636
State and Community Highway Safety	20.600	15-PT-02-028	9,617
<b>Passed through Central Missouri State University</b>			
State and Community Highway Safety	20.616	15-M5HVE-03-035	2,640
State and Community Highway Safety	20.616	15-M2HVE-05-027	438
State and Community Highway Safety	20.616	15-M2HVE-05-020	1,500
State and Community Highway Safety	20.616	15-M2HVE-05-022	800
			<u>18,631</u>
<b>Passed through Central Missouri State University</b>			
Alcohol Open Container Requirements	20.607	15-M5HVE-03-035	370
<b>Passed through the Missouri Department of Transportation -</b>			
Off System Bridge Program	20.205	BRO-BO11(29)	355,504
			<u>374,505</u>
<b>General Services Administration</b>			
<b>Passed through the Missouri Secretary of State</b>			
Election Reform Payments	39.011		2,191
<b>U.S. Election Assistance Commission:</b>			
<b>Passed through the Missouri Secretary of State</b>			
Help America Vote Act	90.401		9,959
<b>U.S. Department of Health and Human Services</b>			
<b>Passed through the Missouri Department of Social Services</b>			
Child Support Enforcement IV-D	93.563	ER10214A002	1,251,759
Fostering Court Improvement	93.586		1,036
Children's Interview Center	93.667	AOC 11380098	20,379
			<u>1,273,174</u>
<b>U.S. Department of Homeland Security</b>			
<b>Passed Through the Missouri Department of Public Safety</b>			
Emergency Management Performance Grant	97.042	2015-EP-00043-014	26,778
Federal Emergency Management Agency Grant	97.036	FEMA-4238-DR-MO	150,466
			<u>177,244</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 2,201,335</u>

See accompanying notes to the schedule of expenditures of federal awards.

Buchanan County, Missouri  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2015

**Note 1. Organization**

Buchanan County, Missouri, (the County) is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

**Note 2. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented on the modified accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this 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 the Uniform Guidance is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

**Note 4. Additional Audits**

Grantor agencies reserve the right to conduct additional audits of the County's grant programs for economy and efficiency and program results that 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, 2015.

**Note 5. Indirect Cost Rate**

The County charges indirect costs for the Circuit Clerk and the Child Support Enforcement Agency using the County's approved cost allocation plan by the State. The rate coincides with the County's fiscal year end of December 31 and is capped at 8% for the year ended 2015.

**Buchanan County, Missouri  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2015**

**Section 1 – Summary of Auditor’s Results**

**Financial Statements:**

Type Audit Report Issued on Financial Statements of Auditee  
Qualified

Internal Control Over Financial Reporting  
Five material weaknesses identified. See findings 2015-001 through 2015-005  
  
Two significant deficiencies reported. See findings 2015-006 and 2015-007

General Compliance  
No instances of noncompliance identified.

**Federal Awards:**

Internal Control Over Major Programs  
One material weakness identified. No significant deficiencies reported.

Type Audit Report Issued on Compliance for Major Programs  
Qualified opinion on Child Support Enforcement IV-D

Audit Findings  
See Finding 2015-008

<u>Major Programs</u>	
<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.563	Child Support Enforcement IV-D

Dollar Threshold Used to Distinguish Between Type A and Type B Program  
\$750,000

Auditee Qualified as a Low-risk Auditee  
No

**Buchanan County, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended December 31, 2015**

**Section 2 – Financial Statement Findings**

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

**2015-001 Financial Reporting**

Condition

Management is responsible for establishing, maintaining and monitoring internal controls over financial reporting, and for the fair presentation of the financial statements and related notes in conformity with accounting principles generally accepted in the United States of America.

Under professional standards, we have to assess the County's capability of preparing the financial statements including assessing the skills and competencies necessary to prevent, detect, and correct a material misstatement. A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. Control deficiencies exist when the County does not have controls over preparation of the financial statements which would prevent or detect a misstatement in its financial statements.

During the audit, we noted that the County did not have an accounting system that left a clear and complete audit trail, rather, many funds contained a single revenue and/or expense account where all transactions were recorded. Improvements were noted during the current year. However, transfers between funds were not in balance. A proper accounting system should record transactions in a manner that allows management to monitor revenue and expenditures in a more detailed manner. In addition, the County does not record debt service payments or capital outlay as required by generally accepted accounting principles.

We also noted that the County records construction materials when purchased rather than when consumed and, accordingly, does not report inventory in its financial statements.

While performing our audit procedures, we determined that several current year and prior-period adjustments, which were material to the financial statements, were required. These adjustments arose, in part, primarily because management does not have a process in place to ensure that the trial balance used in financial statement preparation is final and contains all appropriate journal entries.

We consider the above weaknesses both individually and in the aggregate, to constitute material weaknesses in internal control.

Criteria

Internal controls should be in place to ensure year-end balances and external financial reporting conforms to generally accepted accounting principles and the County's accounting policies.

Cause

Year-end procedures were not sufficient to identify the adjustments listed above in a timely manner.

Effect

Potential exists for material misstatements to the financial statements.

**Buchanan County, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended December 31, 2015**

Recommendation

It is critical for the County to be able to evaluate financial results on a complete and more detailed basis to monitor the success of its programs and activities. We strongly recommend that the existing chart of accounts be modified to include separate accounts for each different type of revenue and expenditure which allows for the results of operations to be easily monitored. Management decisions are based on this type of financial data and inaccurate information could lead to inadequate stewardship of the County's resources.

In addition, we recommend that the County record construction materials as inventory when purchased and expense them when consumed in order to comply with generally accepted accounting principles.

In connection with the above comments and to improve financial reporting, we also recommend the County develop a comprehensive accounting policies and procedures manual. Such a manual would help ensure that proper accounting principles are being applied, that similar transactions are treated consistently, and that financial reports are produced in the form desired by management. A well-written accounting manual may also aid in the training of new employees and will assist management in delegating and segregating duties. Items generally included in an accounting manual include:

- An organizational chart.
- Job descriptions, outlining duties and responsibilities.
- Descriptions of methods, procedures and accounting principles to be followed, including explanations and examples of principle transactions.
- A chart of accounts with detailed explanations of what kind of transactions are to be recorded in each account.
- Examples of reports, journal entries and other documentation generated on a periodic basis.
- Any other documents or forms for which uniformity of use is desired.
- A checklist of period-end accrual journal entries required to be recorded under GAAP.

In addition to the administrative personnel in the County's Auditor's office, we recommend the County Auditor hire an experienced accountant in order to meet the County's financial reporting requirements. We also recommend that the personnel involved in the financial reporting process obtain training related to the financial reporting software.

We also recommend that interdepartmental communication and the flow of information be enhanced.

Finally, due to the complexities of accounting for some of the County's transactions, we recommend that management explore various alternatives to improving the controls over financial reporting including, but not limited to, the use of governmental accounting standards and reference guides and financial statement completion and disclosure check lists provided by the Government Finance Officers Association (GFOA), the American Institute of Certified Public Accountants, (AICPA), the Governmental Accounting Standards Board (GASB) and other various financial publishing companies.

**Buchanan County, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended December 31, 2015**

Management's Response

Management agrees with the recommendations and specifically regarding:

- The Chart of Accounts - have created several new accounts, including: supplies, professional services/contract services, service/repair/parts, trustee charges, utilities, mileage, travel, medical, training, food, fuel, court costs, advertising and subscriptions. These accounts will be used in place of the general expense account that was previously used.
- Interfund Transfers & Due to/from - during the 2014 audit, an outside accounting firm was hired to review transfers and due to/from balances and assist in schedule preparation. In addition, a procedure was put in place to review these balances each month to ensure they remain in balance.

In response to the other financial reporting findings, Management will work to improve financial reporting and implement the following procedures moving forward:

- Creation of a comprehensive accounting manual
- Creation of a year-end closing manual to list documents and schedules needed, including accounts payable, accounts receivable, accrued salaries that includes examples of typical items that are accrued.
- Creation of a lease listing that includes a determination of capital or operating lease classification
- Creation of an inventory listing for Road & Bridge to maintain and update each year

In addition, management will obtain additional training for their financial reporting software as necessary.

**2015-002 Capital Assets**

Condition

During our audit, we noted that the County has no formal policy related to capital assets which outlines thresholds for capitalization of assets, procedures for disposal of assets and procedures for monitoring and maintaining an accurate listing for financial reporting. This condition could result in capital assets not being appropriately recorded, depreciated, or reported for financial reporting purposes.

We noted the following during our audit:

- The County has not capitalized any infrastructure assets related to roads since implementation of GASB Statement No. 34.
- Engineering and design costs were not included as capital costs for construction in process.
- Certain costs related to equipment purchased for new vehicles were not capitalized.
- Certain project costs were capitalized and placed in service prior to the completion of the projects.

In addition, during our audit, management indicated that a County-wide capital asset inventory had not been completed recently. We believe a complete physical inventory of capital assets will provide the County with a more accurate inventory listing and will provide a strong source of detail and control that is needed to establish a system of safeguards for capital assets.

We consider the above constitutes a material weakness in internal control.

Criteria

Capital assets should be capitalized in accordance with generally accepted accounting principles and the County's procedures and policies.

**Buchanan County, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended December 31, 2015**

Cause

The County's capitalization policies were not sufficient to ensure all capital assets were appropriately recorded.

Effect

Potential exists for material misstatements to the financial statements.

Recommendation

We recommend that management implement a written policy to provide guidelines for when expenditures should be capitalized and also to document the depreciable life of these expenditures. In addition, we believe a complete physical inventory of capital assets will provide the County with a more accurate inventory listing and will provide a strong source of detail and control that is needed to establish a future system of safeguards for capital assets.

Management's Response

Management is in the process of developing a formal policy for capitalizing road expenditures. In addition, capital asset listings have been provided to each department head for their review as part of a County-wide physical inventory.

**2015-003 Payroll Supporting Documentation**

Condition

During our audit of payroll expenditures, we were not provided with documentation supporting pay rates. We were informed by management that the County's policy to determine pay rates for each employee for each pay period is to provide a schedule to each officeholder that indicates the amounts paid in the prior pay period. The officeholder then manually updates the employee's pay on the schedule for the current period. It was observed the County began documenting authorized payroll rates for employees in June 2016.

Additionally, it was noted during the audit that the human resources department does not review time and leave records for employees in conjunction with processing payroll to ensure that employees are paid for actual hours worked and that vacation and sick leave is adequately tracked.

We consider the above constitutes a material weakness in internal control.

Criteria

Maintaining pay rate authorization in the employee personnel files and verifying vacation and sick leave usage is an important control against unauthorized changes in pay rates and usage of vacation and sick leave.

Cause

The County's internal control was not sufficient to ensure that all payroll rates and hours, including vacation and sick leave time earned and used, were supported by appropriate documentation.

Effect

Potential exists for material misstatement to the financial statements.

Recommendation

We recommend that the County implement policies and procedures to ensure that all payroll expenditures are supported by appropriate documentation and vacation and sick leave are adequately tracked.

**Buchanan County, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended December 31, 2015**

Management's Response

Management is in the process of creating a formal payroll documentation policy. The County is in the process of evaluating timekeeping software to assist in tracking, more effectively the vacation and sick leave.

**2015-004 Preparation of the Schedule of Expenditures of Federal Awards (SEFA)**

Condition

While performing tests to verify the accuracy of information contained in the SEFA, we noted that several adjustments were required relating to CFDA numbers and the amounts of expenditures reported.

We consider the above constitutes a material weakness in internal control.

Criteria

In accordance with the provisions of the Uniform Guidance, the County is responsible for the preparation and accuracy of the Schedule of Expenditures of Federal Awards (SEFA).

Cause

Procedures were not sufficient to identify errors in information contained in the SEFA and to make necessary corrections.

Effect

Inaccurate reporting of information on the County's SEFA could impact the County's federal award funding, as well as impact the programs selected for testing in the Single Audit.

Recommendation

We recommend that the County review procedures for preparing and reviewing information contained in the SEFA to ensure that it is accurate and complete. Procedures should include agreeing CFDA numbers, awarding agencies, and pass-through entities to award documents or other supporting documentation, as well as reconciling amounts in the schedule to those reported on the County's general ledger.

Management's Response

Management is working with all departments to implement procedures to ensure that Federal grants are properly tracked.

**2015-005 Self Insurance**

Condition

During our testing, we noted that claims paid during the year for the County's self-insurance program were not being reviewed. In addition, the listing of eligible participants was not being reviewed by appropriate County personnel to ensure that the listing of participants provided to the County's claims processing company was correct. The County has indicated procedures have been implemented for reviewing insurance claims and expenses in 2016

We consider the above constitutes a material weakness in internal control.

Criteria

Internal controls should be in place to ensure that health claims are only paid for eligible participants.

Cause

Procedures were not sufficient to ensure that health claims are only paid for eligible participants.

**Buchanan County, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended December 31, 2015**

Effect

Potential exists for material misstatement to the financial statements.

Recommendation

We recommend that claims reports and the listing of eligible participants be reviewed as they are received to help ensure that claims are paid only for eligible individuals.

Management's Response

Management has implemented a process to review claims on a weekly basis beginning in March 2016. Management also performed a review of all claims incurred in 2015.

**2015-006 Economic Development Loans**

Condition

During our testing, we noted that the County has several economic development loans that are to be forgiven if the recipient meets certain requirements as defined in the loan agreements. The County did not provide us with documentation that indicated these requirements were being reviewed even though the County regularly removes the loans from the financial statements by amortizing them over the life of the loan agreement. The County indicated that procedures have been implemented for reviewing the loans. However, no formal documentation was present for loans tested in the audit.

We consider the above constitutes a significant deficiency in internal control.

Criteria

Internal controls should be in place to ensure adequate documentation is completed and maintained.

Cause

Procedures were not sufficient to ensure adequate documentation for several economic development loans was being completed and maintained.

Effect

Potential exists for material misstatement to the financial statements.

Recommendation

We recommend that management continue to establish processes for documenting review procedures to ensure that the loan recipients are meeting the requirements of their agreements and that the results of these procedures are being considered when determining whether or not to amortize the loans in accordance with the loan agreements.

Management's Response

Management has contacted each company with an outstanding loan to ensure that they are currently in compliance and has implemented a policy to ensure that appropriate documentation is maintained in the auditor's office and that it is updated at least annually.

**2015-007 Segregation of Duties**

Condition

During our audit we noted that a limited number of employees were performing procedures in conjunction with recordkeeping, reconciliation and financial reporting.

**Buchanan County, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended December 31, 2015**

Our review of the controls at the Sheriff's office disclosed that one employee has access to cash receipts, records cash receipts in the accounting records, performs the daily cash count, reconciles the bank statements and can print checks from the accounting system.

Our review of the controls at the Public Administrator's office disclosed that one employee approves invoices, inputs invoices to be paid, has the ability to set up vendors and has access to and prints pre-signed checks. This individual also has administrative privileges in the accounting software. It was disclosed that an independent employee is responsible for reconciling bank statements.

During our testing of journal entries prepared by the Auditor's office it was noted that there was no evidence that an independent review was being performed to ensure the accuracy of journal entries.

We consider the above weaknesses both individually and in the aggregate, to constitute significant deficiencies in internal control.

Criteria

Effective internal control contemplates an adequate segregation of duties so that no one individual handles or has the ability to override the control of a transaction from its inception to its completion.

Effect

Without a proper segregation of duties potential exists for misstatements to the financial statements.

Recommendation

We recommend that Management evaluate the controls in place for the County as a whole, and specifically in the areas of cash collections and disbursements and journal entry review and approval to ensure that, to the extent possible, all critical accounting functions are adequately segregated.

While we recognize that the County must assess the value of its internal control systems within a cost-benefit context, to the extent possible, we believe that the duties should be segregated to serve as a check and balance on operations in order to maintain the best control system possible. To the extent that segregation of duties is not practical, we suggest that management work to implement alternative procedures to compensate for the consolidation of incompatible duties.

Management's Response

Management will work with the office holders to evaluate current processes and implement procedures to segregate duties as necessary.

Summary Schedule of Prior Audit Findings

**2014-001 Financial Reporting**

Condition

Management is responsible for establishing, maintaining and monitoring internal controls over financial reporting, and for the fair presentation of the financial statements and related notes in conformity with accounting principles generally accepted in the United States of America.

**Buchanan County, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended December 31, 2015**

Under professional standards, we have to assess the County's capability of preparing the financial statements including assessing the skills and competencies necessary to prevent, detect, and correct a material misstatement. A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. Control deficiencies exist when the County does not have controls over preparation of the financial statements which would prevent or detect a misstatement in its financial statements.

We noted that the County did not have an accounting system that left a clear and complete audit trail, rather, many funds contained a single revenue and/or expense account where all transactions were recorded. This included transfers between funds which could cause the financial information of the County to overstate revenues and expenditures. A proper accounting system should record transactions in a manner that allows management to monitor revenue and expenditures in a more detailed manner. In addition, the County does not record debt service payments or capital outlay as required by generally accepted accounting principles.

In addition, in connection with the implementation of GASB Statement No. 45 which has been required for reporting purposes since 2008, the County had not previously engaged an actuary to determine the County's other post-employment benefit obligation (OPEB).

We also noted that the County records construction materials when purchased rather than when consumed and, accordingly, does not report inventory in its financial statements.

While performing our audit procedures, we determined that several current year and prior-period adjustments were material to the financial statements. These adjustments arose, in part, primarily because management does not have a process in place to ensure that the trial balance used in financial statement preparation is final and contains all appropriate journal entries.

We considered the above weaknesses both individually and in the aggregate, to constitute material weaknesses in internal control.

Recommendation

It is critical for the County to be able to evaluate financial results on a complete and more detailed basis to monitor the success of its programs and activities. We recommended that the existing chart of accounts be modified to include separate accounts for each different type of revenue and expenditure which allows for the results of operations to be easily monitored. Management decisions are based on this type of financial data and inaccurate information could lead to inadequate stewardship of the County's resources.

In addition, we recommended that the County record construction materials as inventory when purchased and expense them when consumed and that the County request actuarial valuations of its OPEB obligation in order to comply with generally accepted accounting principles.

In connection with the above comments and to improve financial reporting, we also recommended the County develop a comprehensive accounting policies and procedures manual. Such a manual would help ensure that proper accounting principles are being applied, that similar transactions are treated consistently, and that financial reports are produced in the form desired by management. A well-written accounting manual may also aid in the training of new employees and will assist management in delegating and segregating duties. Items generally included in an accounting manual include:

- An organizational chart.
- Job descriptions, outlining duties and responsibilities.
- Descriptions of methods, procedures and accounting principles to be followed, including explanations and examples of principle transactions.

**Buchanan County, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended December 31, 2015**

- A chart of accounts with detailed explanation of what kind of transactions are to be recorded in each account.
- Examples of reports, journal entries and other documentation generated on a periodic basis.
- Any other documents or forms for which uniformity of use is desired.
- A checklist of period-end accrual journal entries required to be recorded under GAAP.

In addition to the administrative personnel in the County's Auditor's office, we recommended the County Auditor hire an experienced accountant in order to meet the County's financial reporting requirements. We also recommended that the personnel involved in the financial reporting process obtain training related to the financial reporting software.

We also recommended that interdepartmental communication and the flow of information be enhanced.

Finally, due to the complexities of accounting for some of the County's transactions, we recommended that management explore various alternatives to improving the controls over financial reporting including, but not limited to, the use of governmental accounting standards and reference guides and financial statement completion and disclosure check lists provided by the Government Finance Officers Association (GFOA), the American Institute of Certified Public Accountants, (AICPA), the Governmental Accounting Standards Board (GASB) and other various financial publishing companies.

Current Status

The County obtained an actuarial valuation for the OPEB obligations. The remaining comment was repeated as 2015-001.

**2014-002 Capital Assets**

Condition

During our audit, we noted that the County has no formal policy for the capitalization of road expenditures. This condition could result in capital assets not being appropriately recorded, depreciated, or reported for financial reporting purposes. In addition, during our audit management indicated that a County-wide capital asset inventory had not been completed recently.

Recommendation

We recommended that management implement a written policy to provide guidelines for which road expenditures should be capitalized and also to document the depreciable life of these road expenditures. In addition, we believe a complete physical inventory of capital assets will provide the County with an accurate inventory listing and will provide a strong source of detail and control to establish a future system of safeguards for capital assets.

Current Status

The comment was repeated as 2015-002.

**2014-003 Payroll Supporting Documentation**

Condition

We noted that during our audit of payroll expenditures, we were not provided with documentation supporting pay rates. We were informed by management that the County's policy to determine pay rates for each employee for each pay period is to provide a schedule to each officeholder that indicates the amounts paid in the prior pay period. The officeholder then manually updates the employee's pay on the schedule for the current period.

**Buchanan County, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended December 31, 2015**

Recommendation

We recommended that the County implement policies and procedures to ensure that all payroll expenditures are supported by appropriate documentation.

Current Status

The comment was repeated as 2015-003.

**2014-004 Preparation of the Schedule of Expenditures of Federal Awards**

Condition

We noted that while performing tests to verify the accuracy of information contained in the SEFA, that several adjustments were required relating to CFDA numbers and the amounts of expenditures reported.

Recommendation

We recommended that the County review procedures for preparing and reviewing information contained in the SEFA to ensure that it is accurate and complete. Procedures should include agreeing CFDA numbers, awarding agencies, and pass-through entities to award documents or other supporting documentation, as well as reconciling amounts in the schedule to those reported on the County's general ledger.

Current Status

The comment was repeated as 2015-004.

**2014-005 Self Insurance**

Condition

We noted that during our testing, claims paid during the year for the County's self-insurance program were not being reviewed. In addition, the listing of eligible participants was not being reviewed by appropriate County personnel to ensure that the listing of participants provided to the County's claims processing company was correct. We considered this to be a material weakness in the County's internal control.

Recommendation

We recommended that claims reports and the listing of eligible participants be reviewed as they are received to help ensure that claims are paid only for eligible individuals.

Current Status

The comment was repeated as 2015-005.

**2014-006 Economic Development Loans**

Condition

We noted that during our testing, the County has several economic development loans that will be forgiven if the recipient meets certain requirements as defined in the loan agreements. The County did not provide us with documentation that indicated these requirements were being reviewed even though the County regularly removes the loans from the financial statements by amortizing them over the life of the loan agreement.

Recommendation

We recommended that management establish a process for documenting review procedures to ensure that the loan recipients are meeting the requirements of their agreements and that the results of these procedures be considered when determining whether or not to amortize the loans in accordance with the loan agreements.

**Buchanan County, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended December 31, 2015**

Current Status

The comment was repeated as 2015-006.

**Section 3 – Federal Award Findings and Questioned Costs**

Federal Award Findings Required to be Reported in Accordance with Uniform Guidance

**2015-008 Child Support Enforcement IV-D CFDA No. 93.563 – Activities Allowed/Allowable Costs**

Condition

During our testing, we noted that supporting pay rate documentation was not maintained to support personnel costs. Additionally, we noted that semi-annual certifications for one employee who worked solely on the grant award were not documented. Personnel files maintained by the County do not include the necessary documentation to support pay rates and related payroll costs for employees being charged to the grant.

We consider this to be a material weakness in internal control over compliance.

Criteria

Payroll costs charged to the grant must be supported by appropriate documentation.

Cause

The County's internal control was not sufficient to ensure that all payroll costs were supported by appropriate documentation.

Effect

The County was noncompliant with the activities allowed/allowable cost requirements of the grant.

Questioned Costs

\$962,193

Recommendation

We recommend that management review and revise policies and procedures to ensure that support is maintained to support employee pay rates and related payroll costs.

Management's Response/Corrective Action Plan

*Contact Person* – County Auditor

*Corrective Action Plan* – All of the payroll costs for child support enforcement is for work that is only for the program. Management has implemented procedures in 2016 to ensure appropriate documentation is maintained to support authorized pay rates.

*Expected Completion Date* – July 1, 2016

Summary Schedule of Prior Audit Findings

**2014-007 Child Support Enforcement IV-D CFDA No. 93.563 – Activities Allowed/Allowable Costs**

Condition

We noted that during our testing, supporting pay rate documentation was not maintained to support personnel costs. Personnel files maintained by the County did not include the necessary documentation to support pay rates and related payroll costs for employees being charged to the grant. We considered this to be a material weakness in internal control over compliance.

**Buchanan County, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended December 31, 2015**

Recommendation

We recommended that management review and revise policies and procedures to ensure that support is maintained to support employee pay rates and related payroll costs.

Current Year Status

The comment was repeated as 2015-008.

**2014-008 Justice Assistance Grant Cluster CFDA No. 16.738 – Activities Allowed/Allowable Costs**

Condition

We noted that during our testing, supporting pay rate documentation was not maintained to support personnel costs. Personnel files maintained by the County did not include the necessary documentation to support pay rates and related payroll costs for employees being charged to the grant. We consider this to be a material weakness in internal control over compliance.

Recommendation

We recommended that management review and revise policies and procedures to ensure that support is maintained to support employee pay rates and related payroll costs.

Current Year Status

The Justice Assistance Grant Cluster was not audited as a major program in the current year. However, the condition was still present and repeated as 2015-008.

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COMPLIANCE REPORTS

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**COCHRAN HEAD VICK & CO., P.C.**

*Certified Public Accountants*

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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 Buchanan County Commission  
Buchanan 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 Buchanan County, Missouri (the County), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 29, 2016. Our report contains a qualified opinion on the governmental activities and the aggregate discretely presented component units; and unmodified opinions on each major fund and the aggregate remaining fund information. Our report includes a reference to other auditors who audited the financial statements of the Buchanan County Tourism Board and the Regional Emergency Medical Services Authority, the aggregate discretely presented component units, as described in our report on the County's financial statements.

**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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001 through 2015-005 to be material weaknesses.

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 2015-006 and 2015-007 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 Responses to the Findings**

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

### **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.

St. Joseph, Missouri  
November 29, 2016

A handwritten signature in black ink, appearing to read "Cecilia Hernandez, PC". The signature is written in a cursive style with a large, stylized initial "C".



**COCHRAN HEAD VICK & CO., P.C.**

*Certified Public Accountants*

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**Independent Auditor's Report On  
Compliance for Each Major Program and on Internal Control Over Compliance  
Required by the Uniform Guidance**

To the Buchanan County Commission  
Buchanan County, Missouri

**Report on Compliance for the Major Federal Program**

We have audited Buchanan County, Missouri's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2015. The County's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance of the County's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major federal program. However, our audit does not provide a legal determination on the County's compliance.

**Basis for Qualified Opinion on Child Support Enforcement IV-D**

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 93.563 Child Support Enforcement IV-D as described in finding number 2015-008 for Activities Allowed/Allowable Costs. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program

## Qualified Opinion on Child Support Enforcement IV-D

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 Child Support Enforcement IV-D for the year ended December 31, 2015.

### **Other Matters**

The County's response to the noncompliance finding 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.

### **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 the 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 the Uniform Guidance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-008 to be a material weakness.

The County's response to the internal control over compliance finding 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

St. Joseph, Missouri  
November 29, 2016

