

ST. LOUIS COUNTY, MISSOURI
MANAGEMENT ADVISORY COMMENTS
December 31, 2016



CPAs and
Management Consultants

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The Honorable Members
St. Louis County Council
St. Louis County, Missouri

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Louis County, Missouri as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered St. Louis County, Missouri's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Louis County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Louis County, Missouri's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate letter dated June 21, 2017 contains our communication of significant deficiencies and material weaknesses in the St. Louis County, Missouri's internal control. This letter does not affect our report dated June 21, 2017 on the financial statements of St. Louis County, Missouri.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of these matters, or to assist you in implementing the recommendations.

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
June 21, 2017

Other Locations

Belleville, IL • Carbondale, IL • Columbia, IL • Litchfield, IL • Harrisburg, IL • Springfield, IL • Cape Girardeau, MO • Milwaukee, WI

MEMORANDUM OF ADVISORY COMMENTS

Account Reconciliations

We noted immaterial differences between a small number of account balances recorded in the general ledger and subsidiary ledgers. To ensure the accuracy of the financial statements, we recommend that all balance sheet accounts be timely reconciled to their subsidiary ledgers, or other supporting documentation, and any reconciling differences be investigated and corrected. We also recommend that reconciliations be reviewed and approved by someone independent of the preparer of the reconciliation and signed and dated as evidence of review.

Management Response –

The minor differences between account reconciliations and general ledger balances will be resolved and supervisory approval will be obtained for all account reconciliations.

Don Rode, Accounting Officer

Circuit Clerk Outstanding Checks

We noted outstanding checks on the Circuit Clerk's bank account reconciliation that were over three years old. We recommend that any outstanding checks over three years old be deemed abandoned property and remitted to the State Treasurer in conformance with Circuit Clerk policy.

Management Response –

The Circuit Clerk's Office escheats outstanding checks once a year. Outstanding checks must be escheated to the Treasurer's office by November 1st. All 2013 outstanding checks were escheated to the Treasurer's office in January of 2017. Unclaimed funds may be remitted earlier than 3 years and procedures have been changed to ensure that the Office of the Circuit Clerk complies with the recommendation and the State statute for escheating unclaimed funds.

Joan Gilmer, Circuit Clerk

Internal Control Documentation

Narratives documenting the County's internal controls are retained in a central repository accessible to all County personnel. We noted that the internal control narratives had not been updated since the prior year. We also noted that the central repository did not include two control narratives. We recommend the County establish procedures to ensure that all internal control narratives are retained in the central repository and reviewed and updated, at least annually, by a specified date.

We also recommend the County evaluate its current internal control framework against best practices found in Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and Standards for Internal Control in the Federal Government (Green Book).

MEMORANDUM OF ADVISORY COMMENTS

Management Response –

The St. Louis County Auditor's Office will establish procedures and timelines that request from the appropriate departments all narratives documenting the County's internal controls are updated as suggested.

The St. Louis County Auditor's Office will evaluate the County's internal control framework and will consider suggestions specifically dependent on the allocation of resources appropriated to the office. This evaluation will be based on the best practices found in the Internal Control Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and Standards for Internal Control in the Federal Government.

Mark Tucker, County Auditor

Construction in Process

Construction in Process (CIP) activity is presented in the notes to the financial statements. CIP additions were initially netted with CIP deletions, thereby distorting the reported account activity. We recommend the County establish procedures to ensure CIP additions and deletions are reported at gross, rather than net, in accordance with generally accepted accounting principles.

Management Response –

Additional training and guidance has been provided to personnel responsible for preparing the roll-forward of CIP activity. This training and guidance will ensure that future roll-forwards of CIP activity will not net additions and retirements.

Don Rode, Accounting Officer

Temporary Assistance for Needy Families

The County receives Federal funds through the Temporary Assistance for Needy Families (TANF) program. The County contracts with subrecipients to provide program services. The subaward contract did not clearly indicate the following information as required by 2 CFR 200.331:

- Federal award identification
- Federal award agency
- Pass-through entity
- Federal award date
- Subrecipient DUN number

We recommend that future subaward contracts include all elements required by 2 CFR 200.331.

MEMORANDUM OF ADVISORY COMMENTS

Management Response -

St. Louis County has modified the Notice of Obligation (NOO) template to include the field information required by 2 CFR 200.331.

Adriann Adams-Gulley, Human Services Accounting Manager

Child Support Enforcement

The County receives Federal funds through the Child Support Enforcement program. We inspected time sheets for five employees whose salaries are charged to the program. We noted that the time sheet for one salaried managerial employee was not signed by a supervisor evidencing approval. We recommend time sheets for all employees charged to a Federal program be signed by a supervisor to evidence approval.

Management Response –

Supervisory timesheet approval will be obtained for the employee noted in the finding.

Dawn Purgahn, Attorney