

**WALDO COUNTY COMMISSIONERS COURT SESSION
(SPECIAL SESSION)
JUNE 29, 2009
IMMEDIATELY FOLLOWING BOARD OF CORRECTIONS PUBLIC HEARING
FOR WALDO COUNTY CORRECTIONAL FACILITY MISSION CHANGE**

PRESENT: Commissioners Donald P. Berry, Sr. (Chairman), Amy R. Fowler and William D. Shorey. Also present was Treasurer David A. Parkman, Deputy Treasurer Karen Trussell, Auditors Harold and Pamela Blake and County Clerk Barbara Arseneau.

Commissioner Berry opened the court session at 12:00 p.m.

2008 AUDIT REPORT:

Present for the 2008 audit report were Treasurer David Parkman, Deputy Treasurer Karen Trussell and accountants Harold and Pamela Blake.

The Management Letter submitted by the auditor included recommendations “for strengthening the internal controls and the operating efficiency of the County of Waldo.” The findings and recommendations included:

Finding 1: It was noted that there are departments and/or offices that have their own checking account(s) and the transactions of these departments are not properly recorded and entered into the County’s financial records. This makes it difficult for the Treasurer to have proper oversight of the cash reserves. It serves as a protection to all parties involved. The recommendation was a separate file for each bank account, including pre-numbered receipts so that any that are missing would be evident, a reconciled bank statement (taking the bank’s balance, adding any transactions and any outstanding checks that haven’t cleared the bank and will add up to whatever the balance would be for the bank.) If this isn’t done, there can be a problem. If it is not done monthly, it is harder to find errors and correct them quickly. He commented that he realizes that this is done in the Treasurer’s office on a regular basis, but does not always happen in the other departments. When asked by W. Shorey if there was a particular department not complying with this, he was told that “all are offending on some level.”

D. Parkman asked which departments have checking accounts. The auditor noted that there are five checking accounts at this point: Registry of Deeds, Registry of Probate, the Sheriff’s Office, and two at the Correctional Facility.

Finding II: Not all cash is recorded on pre-numbered receipts and not all expenditures are being properly recorded and reported to the County Commissioners and the County Treasurer. H. Blake said that documentation is the key; it does not have to be “horribly complex,” but needs to be a consistent procedure that is always followed. Receipting is extremely important. W. Shorey asked if this amounted to “too many leaks in the system.” H. Blake said that was a fair assessment. When asked why this had not been determined in previous audits by Mr. Blake, he explained that when one takes on a new client, it takes a while to learn their system and understand it. Initially there is some reliance on reports from previous auditors. After looking at the system for a while, the areas needing improvement become more apparent. He explained that an audit is not necessarily conducted in order

to detect fraud, but more to make sure the books balance. If an organization comes within about \$15,000.00, it is usually acceptable, but he tries to do a more thorough audit than that. He commented that most towns and counties would not find that kind of discrepancy acceptable. He added that things are getting very tight in the economy and it is important to make sure that there are good “checks and balances.” K. Trussell commented that she receives all the checks and all the deposits from Probate. H. Blake asked if there was a clear report of transactions. He explained that in one of the municipalities he had performed an audit, when cash was paid it was not always recorded and eventually it was apparent that a large sum of money was missing.

Pamela Blake interjected that, in terms of the findings, the auditor had been saying right from the beginning that any money for which the Treasurer’s office was responsible, some of the departments that have these checking accounts needed a little “accounting lesson.” She explained that there needs to be cross-references. It was learned that the Correctional Center had not kept a register and had never balanced the checkbook. Currently the Treasurer’s office cannot account for all of the County’s money because the departments are not always presenting the accounts information properly to the Treasurer’s office. P. Blake added that there needs to be systems of recording established and this must be done regularly and consistently.

D. Parkman asked for clarifications of which departments needed to improve and the ways in which to make the improvements. It was noted that the Correctional Center needed to improve. The Registry of Deeds needs to supply what the transactions are, as does Registry of Probate. It was noted that both of these registries handle cash, and it is not readily known how the cash is recorded there and in other departments as well. Tracking is critical.

W. Shorey felt there should be a system of numbered receipts and if the employees do not fill them out correctly, it would become a disciplinary issue if it continued.

P. Blake said she has written internal accounting policies before and would be willing to share a boiler-plate version for the County, which could be customized as needed. The system needs to be such that if someone takes a vacation, the system is still uniform. That makes any “issues” apparent. Currently the Deputy Treasurer receipts AND deposits funds. There needs to be a checks and balances for that, as well. H. Blake explained that if there are receipts and there are a number of “voids,” that tells something, too. He added that you need a copy for the Treasurer, one for the office that took it in and one for the person who brought the funds in.

D. Parkman, referring to the bank savings account, where there is a lot of money, wondered if there would be any receipts for that. K. Trussell said that when inmates purchase items, any “overage” above the actual supplies is put in an account and it can only be used for Jail-related things. The Jail Administrator had checked and that money had to remain up there with that facility. Whenever an inmate goes in with money, it is accounted for and given back, minus the amount they have spent on canteen items. The change given back was not being documented as to who it went to exactly. It was unclear who those checks were written out to.

H. Blake reminded the Commissioners that any un-cashed checks after one year should be written off.

W. Shorey asked if there should be a workshop held for all the departments teaching them the system and putting an “effect date.” H. Blake thought that might work. A. Fowler agreed that there needs to

be a mandatory system for financial records in each department and a course that teaches them how to do it. P. Blake suggested a flow chart for this.

K. Trussell said she was aware of a few counties that handle all the money and have no checking accounts in the individual departments. She noted that those treasurer's offices were staffed with more employees and D. Berry added that these were separate offices, not shared with other County administration the way Waldo currently is.

H. Blake said that any check going out from a department needs to be documented and that information be sent to the Treasurer's office. He noted that most people are very honest, and his sense is that there is not a serious issue, but he noted that many government positions are very detailed, have a lot of procedures and that these positions are frequently underpaid, so this increases the temptation to take cash, in particular.

W. Shorey asked D. Parkman if he thought the numbered receipts system could work and D. Parkman replied that he definitely thought so.

P. Blake emphasized that this allowed the Treasurer's office "oversight." D. Berry added that the Commissioners were "not trying to slap someone, and weren't accusing anyone of wrongdoing, but this is for the protection of everyone."

****D. Berry moved, A. Fowler seconded creating a receipting system and hold a training session in July or August for department heads who have checking accounts in order to implement the proper accounting methods by September 1st. Unanimous.**

Finding III: Payroll warrants need to have everything on it that is related to payroll. H. Blake said that these need to be broken out by gross and check number. K. Trussell commented that the County's payroll company already does that, and showed the auditor a sample of what is done. She showed the breakdown and explained that the total amount is what is put on the payroll. The auditor said this is fine, then.

Finding IV: Inter-fund transfers are like one company paying another. The recommendation was that each fund be treated as though it were a separate and distinct business. There needs to be a transfer in and a transfer out. K. Trussell explained that in particular, the Corrections account has "an account within an account." That is where some of the errors have been made. Balanced entries need to be made in both funds. H. Blake recommended that if money is owed, it needs to be recorded in each fund, don't get the funds mixed up and when payments are made they need to be recorded in each fund. This would ensure that, at any given time, it will be possible to see what transactions have been carried out and what transactions need to be carried out.

Finding V: H. Blake commented that this is pretty much the same situation as Finding IV.

H. Blake explained that the last page shows the components of the undesignated fund balance. This is what "Surplus" is called. Maine is the only state that requires this breakdown. D. Parkman commented that the County is improving on this and it is better than it was last year.

The Commissioners expressed appreciation for all the information in the audit. H. Blake said that he had been to seminars in which accounting and auditing were discussed. At one seminar, it was suggested that “cash not be looked at.” H. Blake had explained that this did not work for small towns and counties in Maine. He added, “That is how Enron slipped through the system.”

Audit report on County Health Insurance: P. Blake noted that UBS, in which the County has funds invested for the county’s health insurance plan, did take out additional insurances, but it was noted that UBS has been in trouble and she advised that the Commissioners keep an eye on this.

TECHNOLOGY CORRECTIONAL FACILITY RESERVE DISCUSSION:

Present for this discussion was Technology Consultant James Arseneau.

J. Arseneau reminded the Commissioners that there are unspent funds for the first six months of 2009 totaling approximately \$12,000.00 and that these need to be transferred from the operating budget line into a reserve for the Corrections Technology. The Commissioners requested that J. Arseneau provide a breakdown for their next meeting so that they could take a formal vote at that time.

COMMISSIONERS BUSINESS:

There was no additional Commissioners business.

CORRESPONDENCE:

Present to report the following correspondence was County Clerk Barbara Arseneau, along with Human Resources/Payroll Director Michelle Wadsworth:

1. Waldo County Correctional Educational Stipends have been requested early this year for Correctional Officers, pro-rated for the first six months, to be paid on the July 7, 2009 payroll (as this is usually paid on the second Tuesday of October.) This was particularly important because all but three of the stipends will terminate on June 30, 2009. Employment for three of the Correctional employees was terminated as of June 30, 2009, according to the Sheriff’s memo. In addition, the stipends were budgeted for the six month transitional budget ending June 30, 2009 and are not budgeted for year 2009/2010.

****W. Shorey moved, A. Fowler seconded to pay the pro-rated educational stipends, for the first half of the year, as requested. Unanimous.**

2. Prescription Drug Cards Follow-up Press Release: B. Arseneau submitted a draft press release with statistics and details regarding citizen’s use of the Waldo County Prescription Drug Discount card for the time period between December 2008 when the cards were released to the end of May. B. Arseneau noted that 172 prescriptions had been filled with an average discount of 21.16% per prescription. The Commissioners approved sending the press release to local newspapers and online news.

3. New Waldo County Logo Press Release: B. Arseneau submitted a draft press release announcing the new County logo and its gradual implementation on the Commissioners’ letterhead stationery, the Waldo County web site, etc. The Commissioners approved submitting this press release for immediate publication.

4. Donations for MCCA Annual Convention 2009: M. Wadsworth reported that Former Sheriff John Ford donated six of his artwork pieces for the upcoming annual Maine County Commissioners Convention in September. The Commissioners recommended framing the artwork in matting and this would be funded from the line specifically designated for convention planning. The Gull Motel has also donated a one-night stay. The Commissioners instructed that a standard letter of thanks to be sent as door-prizes come in.

4. A. Fowler asked that a sympathy card be sent to Todd Brackett on the recent passing of his mother, if one had not already been sent.

5. The Commissioners requested that a press release be drafted about the well-attended BOC Jail Public Hearing Mission Change that started at 10:00 a.m. this morning.

FUTURE COURT SESSIONS:

The next County Commissioners court session is scheduled on July 14, 2009, unless a special session needs to be called prior to that. W. Shorey recommended meeting on July 9, 2009 for that, since he would be in the office that morning for a Personnel Policy Workshop.

****D. Berry moved, A. Fowler seconded adjourning the meeting at 1:35 p.m. Unanimous.**

Respectfully submitted by *Barbara L. Arseneau*
Waldo County Clerk