



**Thomas A. Schweich**  
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# CITIZENS SUMMARY

## Findings in the audit of the Public Water Supply District #1 of Carroll County

Accounting Controls, Policies, and Procedures	The district does not adequately segregate accounting duties or provide a documented independent review, and the General Manager/Clerk does not have sufficient receipting and recording procedures. The district does not maintain a consistent amount in the petty cash fund and does not maintain a petty cash ledger or adequate supporting documentation for receipts and disbursements. Our count of the petty cash fund found a shortage of \$56, and the General Manager/Clerk later found \$45 at her home. The district maintains three inactive bank accounts, which could be closed, and it lacks adequate supporting documentation for some expenditures. The district does not maintain adequate bond coverage for the General Manager/Clerk, given the significant weaknesses in controls over receipts and expenditures. Most backup data is not stored at an off-site location, and the backup data is not periodically tested or stored on a reliable media.
Water System	The district prepared an inadequate cost analysis to support the August 2011 water rate increase, and the district has not developed a formal capital improvement plan for the water plant and distribution system. In November 2012, an engineering study proposed immediate and long-term improvements needed for the water plant and distribution system, but the district has not adjusted water rates for needed immediate improvements.
Budgets	The district's annual budgets do not contain all elements required by state law, and the Board does not monitor the budget to actual revenues and expenditures. For fiscal year 2013, the Board approved expenditures that exceeded budgeted expenditures by \$36,191.
Public Records	The district has not adopted a formal policy regarding public access to district records.
Personnel Records, Policies, and Procedures	The General Manager/Clerk does not complete a timesheet, employees do not always accurately complete and sign their timesheets, and supervisors do not adequately review and approve timesheets. The district does not always follow its policy when calculating leave balances; one employee was underpaid upon termination, and other employees were paid for vacation leave they were not entitled to receive. The district does not prepare performance appraisals as required by district policy, and does not maintain documentation of approved salaries and any adjustments in the individual personnel files. Individual personnel files also do not contain the employee's job application, job description, resume, or training records, as required by the Employee Policy Manual. The district needs to maintain more complete and detailed documentation to support employee health insurance reimbursement payments and needs to report as compensation the value of personal use of a district vehicle.

Purchasing Policy	The district does not always follow its purchasing policy. The district did not request a quote and/or document the reason(s) for a sole source or emergency purchase for more than \$23,000 in purchases and does not solicit proposals for its attorney and auditor.
Vehicle Usage Logs and Fuel Purchases	District procedures provide that usage/mileage logs be maintained for district vehicles, but these logs do not contain adequate information, and the district does not maintain a log for one of the vehicles. District employees are not required to submit fuel tickets for fuel credit card purchases, so the General Manager/Clerk does not reconcile fuel tickets to credit card statements.
Board Training	The Board does not ensure Board members receive the training required by state law prior to receiving mileage reimbursements.

In the areas audited, the overall performance of this entity was **Fair**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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