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CITIZENS SUMMARY

Findings in the audit of Goodman Area Fire Protection District

Interest, Debit Cards, and Online Transactions

Some activities involving Board President Jim Morgan and Board Member Paul Sprengle created actual, or at the very least, the appearance of conflicts of interest. The district did not solicit bids for any of the services provided by Mr. Morgan or his company during 2014 and 2013, totaling \$7,748, and Mr. Morgan did not abstain from approving the related payments. The district also purchased supplies from a local company owned by Mr. Sprengle, who did not abstain from approving the purchases.

The district does not have a policy restricting or limiting the use of the debit cards. A \$1000 cash withdrawal was made by Mr. Morgan, during his time as Vice President from the district's bank account using a district debit card. A district debit card was used to pay fees for six calls using Skype totaling \$60, which Mr. Morgan indicated he believed were fraudulent; however, the charges were not disputed or a refund obtained. The district debit card assigned to Mr. Morgan was used to pay 8 vendor invoices that did not show the district as the customer. In March 2012, Mr. Morgan circumvented debit card purchase limits by splitting a purchase. District debit cards were also used to make several food purchases during trips when overnight travel was not required. Additionally, district board members, officers, and vendors used the district's debit cards in violation of district bylaws.

Mr. Morgan indicated he used the district's eBay account and debit card to make district, personal, and company online purchases. Due to the similar nature of some items purchased, determining which eBay account transactions were for the district was not always possible. This occurred because Mr. Morgan rebuilds/repairs vehicles and equipment using new and used parts for the district, personally, and for his business.

Capital Assets

The district does not maintain records of capital assets, including land, buildings, vehicles, equipment, and other personal property. The district also does not always tag or otherwise identify capital assets as district property or perform physical inventories. Numerous district assets are maintained at the personal residence of Mr. Morgan, and a district generator is maintained at the personal residence of the district's lieutenant. The district does not have specific plans for the use of many of the assets stored on Mr. Morgan's property, and it is questionable why the district is storing assets on his property when the district maintains buildings and land at three other locations within the district. The district also does not have a written agreement with him detailing issues related to the storage of assets, such as access and liability. The district failed to obtain insurance coverage on four district vehicles.

Disbursements

The board does not maintain a list of bills approved and does not document its approval of individual invoices. The board does not have adequate controls over bank accounts and checks. Some district checks were issued without the required signatures, some checks were issued to cash, and some checks were issued with the payee left blank. The district did not maintain adequate documentation of some disbursements. The district does not have a

procedure in place to prepare and file 1099-MISC forms with the Internal Revenue Service. Officials and employees did not always follow the district's bid policy, and due to the limited number of transactions incurred by the district in excess of the required bid threshold, the district should consider revising the policy.

Accounting Controls,
Procedures, and Records

Accounting duties are not segregated, and there is no supervisory review of the work performed by the board secretary/treasurer, who is responsible for all record-keeping duties of the fire district. The district does not issue receipt slips for monies received in accordance with district bylaws. The district does not maintain accurate accounting records, and financial reports presented for board review were not always accurate or consistently prepared.

Budgetary Process

District budgets did not contain all required elements. The board does not adequately monitor budget-to-actual revenues and expenditures.

Meetings and Bylaws

The board secretary/treasurer failed to document the voting and approval process of some board decisions, and meeting minutes were not always signed as required by district bylaws. The district also does not have an official copy of up-to-date bylaws, and the board has not adopted resolutions and ordinances in accordance with district bylaws.

Electronic Data Security

The district does not backup financial and other computer system data leaving the district's electronic data at risk if data could not be recovered. In addition, the district does not have antivirus software installed on the computer systems to ensure protection of district data.

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

*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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