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CITIZENS SUMMARY

Findings in the audit of Buck Prairie Special Road District

Payments to Board Commissioners and Employees, and Personal Purchases	Auditors identified improper payments totaling \$9,730 paid to former commissioners, and some payments involving a former commissioner and the former foreman created actual or apparent conflicts of interest. A former commissioner's wife was paid more than \$5,000 and the former foreman was paid more than \$20,000 for hauling dirt and rock, but the district did not solicit bids. Payroll payments, expense reimbursements, and cell phone allowances totaling \$215,035 were paid through the payroll system without the support of timesheets, supporting documentation, or formal personnel policies. Some amounts paid were questionable and some were not reported on W-2 forms. Auditors found that some hours worked by employees appeared excessive. For example, three employees were paid for 80 hours each of regular work time and over 107 hours each of overtime during a two-week period, meaning each employee would have worked over 13 hours per day. Some final paychecks issued to employees may have violated state law and others appeared questionable. Former employees were allowed to make personal purchases using district charge accounts, and the district was not reimbursed timely for some of those purchases and not reimbursed for others. The costs for 4 tires charged to the district's account by an employee for his personal vehicle and 2 tires charged to the district's account by the former foreman for his personal loader were not reimbursed to the district or paid to the vendor until after they were questioned by the Lawrence County Sheriff's Office. The cost of a rake wheel charged to the district for the foreman's personal equipment has not been reimbursed to the district.
Financial Condition	The district is in poor financial condition as a result of overspending, lax controls over disbursements, and inadequate oversight and monitoring by the Board of Commissioners. For the years reviewed by auditors, the district's cash balance was significantly less than average annual disbursements and financial obligations at year end.
Oversight and Segregation of Duties	Neither the current nor former Board of Commissioners established adequate segregation of duties or supervisory review over the various financial accounting functions performed by the secretary/treasurer or disbursement activities of employees. This lack of adequate controls and proper oversight allowed the various problems cited throughout the report.
Payroll and Related Matters	Records of time worked or leave taken and earned were not prepared by former employees or the former secretary/treasurer. Currently, a timesheet is prepared each pay period that shows time worked for all employees, but the timesheet is not signed by the employees and is not always signed by the foreman. Additionally, the district had not established personnel policies addressing overtime, holidays, vacation and sick leave, employee benefits, allowances, requirements for the preparation of timesheets or leave records, or the employment and supervision of related employees. The district also did not maintain personnel files or timely remit payroll taxes to the Internal Revenue Service. The district sometimes paid employees in advance of work completed, and we noted concerns with payroll checks clearing the bank prior to the date of checks and payroll check dates not matching dates in the accounting system.

Disbursements	The district does not evaluate the reasonableness of vehicle usage and does not reconcile fuel usage to billings. Mileage and fuel logs are not maintained. Fuel purchases significantly decreased between current and former Boards and employees, and some individual fuel purchases were questionable. Invoices for many items purchased listed the former foreman's personal address as the billing and/or shipping address. Because the district allowed employees to make personal purchases and these items could be used by the foreman personally or in his business, we could not determine whether these purchases were for the district. Procedures for reviewing and approving invoices for payment were lacking. Auditors also noted duplicate payments were made by the district, including one payment for more than \$21,000. The district also lacked adequate controls over checks, incurred late fees for untimely bill payments, and failed to obtain bids for significant purchases.
Accounting Controls and Procedures	The district's receipting and depositing procedures are poor. The current secretary/treasurer does not prepare bank reconciliations for the district's 2 bank accounts, and the district does not have accurate accounting records.
Budgetary Procedures and Financial Reporting	The district's budgets do not contain all statutorily required elements, and budget documents did not present accurate actual receipt and disbursements. The Board also did not adequately monitor budget-to-actual receipts and disbursements. Actual disbursements exceeded budgeted amounts by \$58,206 in 2014 and \$181,590 in 2015. Additionally, the district did not file a financial report with the State Auditor's Office as required by law.
Sunshine Law Issues and Record Retention	The Board of Commissioners did not always comply with the Sunshine Law. Meeting minutes were not always maintained, and the reason for closing certain meetings was not documented. Some issues discussed in closed session were not allowable under state law. Additionally, many bank statements, invoices, and other financial records could not be located and were obtained from the bank, the former secretary/treasurer, and vendors.
Road Maintenance	The district has not developed a formal annual maintenance plan for district roads and bridges, and does not maintain a listing of public roads under its legal authority. During 2012, the district paved 2 private roads and did not retain sufficient documentation or seek reimbursement of some of the related paving costs.
Capital Asset and Inventory Records	Nearly \$2,000 worth of assets purchased by the district are missing, and capital asset records and procedures need improvement.

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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