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CITIZENS SUMMARY

Findings in the audit of the City of Glasgow

Background

The former City Administrator, Kevin Atwood, was responsible for oversight of financial accounting functions, assisting the Mayor with various city activities, and providing general supervision of all city departments and functions. He was hired as a police officer in October 2000 and was promoted to Police Chief in January 2004. He was appointed City Administrator in May 2013, but continued to also serve as Police Chief.

Our office received an anonymous hotline call in August 2017 regarding concerns over credit card purchases and gun inventory issues. Our office initially referred the matter to the Department of Public Safety (DPS) for the Missouri State Highway Patrol (MSHP) to investigate, and notified the Howard County Prosecuting Attorney. Subsequently, the Howard County Prosecuting Attorney contacted the MSHP on September 19, 2017, and requested the MSHP to investigate.

The Board suspended the former City Administrator for 30 days with pay on October 19, 2017, and he submitted a letter of resignation that day, effective November 19, 2017.

The State Auditor's Office was contacted in November 2017 by the City Attorney to request an audit of the city, indicating city officials suspected possible misappropriation of funds and/or fraudulent activity, particularly regarding improper purchases and expense reimbursements. On December 4, 2017, the Board passed an ordinance formally requesting and authorizing an audit and the audit began on February 26, 2018.

Missing Monies

The audit identified an estimated \$3,248 in bulk water sales receipts for the period May 2013 through October 2017 that were not deposited. Improper and unsupported credit card payments were made by the city for the former City Administrator's personal credit card. The city paid a total of \$5,508 to the credit card company from May 2016 to August 2017 without any supporting documentation, and of that amount, \$3,917 pertained to transactions that were improper and personal in nature. The city recouped \$1,130 from the former City Administrator, but \$2,787 remains unpaid. In addition, a check for \$1,050 was issued to the former City Administrator in January 2017, supposedly to be used for "drug buy" money by a confidential informant. No evidence was provided to the city to indicate this money was used for a controlled drug buy or any other city purpose and is considered missing.

Disbursements

The former City Administrator made some purchases during 2017, including various electronic items and added phone lines, that were unnecessary and not a prudent use of city resources, costing the city over \$1,600 in unnecessary charges. The city lacks adequate procedures to account for fuel used by the public works and police departments, and did not require individual fuel tickets to be turned in for each purchase and no usage or fuel logs were required for any city vehicles. Citizen concerns were expressed to the city in October 2017 that the former City Administrator was using city fuel cards to purchase fuel for personal vehicles. Due to the lack of records

required by the city, it is difficult to determine if all fuel purchases were appropriate.

Clothing Allowance Program
and Gun Inventory

The city does not have adequate policies and procedures over a clothing allowance program offered to certain city employees, which allows the employees to repay the city for work-related equipment and uniforms, as well as personal items initially purchased by the city on their behalf. Several concerns were noted with this program including, allowing the purchase of personal items, not updating records accurately or timely, allowing high receivable balances or credit balances, using compensatory time earned as credit against amounts owed, and not ensuring proper taxes are paid. The city has failed to maintain inventory records of city guns and did not perform an annual inventory of city-owned guns. As a result, city personnel cannot account for all city-owned guns and the city's investigation of concerns expressed regarding gun purchases was more difficult.

Accounting Controls and
Procedures

The city had not established adequate segregation of duties and independent or supervisory reviews over the various financial accounting functions performed by the former City Administrator and his staff. In addition, the combination of the positions of City Administrator and Police Chief violated state law and created a potential conflict of interest.

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.