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CITIZENS SUMMARY

Findings in the audit of City of Greenville

Background	<p>The former City Clerk, Pam Birmingham, began employment with the city in June 2008. Ms. Birmingham also served as the Court Clerk of the Municipal Division. The Board identified concerns regarding Ms. Birmingham's performance in April 2016, and as a result of those concerns, the Board terminated Ms. Birmingham's employment on April 14, 2016. The Missouri State Highway Patrol initially investigated and obtained documents regarding unsupported checks issued to the former City Clerk, and turned these records over to the Missouri Attorney General's Office (AGO) for prosecution. The AGO contacted the State Auditor's Office (SAO) on January 30, 2018, and requested assistance in reviewing city records and preparing documents and testimony regarding unsupported checks issued to the former City Clerk. On March 9, 2018, the Board passed an ordinance formally requesting and authorizing an audit and the audit began on that date.</p>
Improper Payments and Missing Monies	<p>The lack of segregation of duties and adequate controls, and the absence of proper oversight, resulted in the overpayments, improper payments, improperly negotiated city checks, falsified records, and missing receipts going undetected for a significant period of time. The audit identified a total of approximately \$161,000 in improper payments and undeposited monies from January 1, 2014 through April 14, 2016. Improper payments totaling \$52,594 were made to the former City Clerk. The former City Clerk also improperly cashed or negotiated 123 city checks issued to the City of Greenville totaling \$39,536. Most of the checks issued for these improper payments were only signed by the former City Clerk. The former City Clerk deposited many of the checks written to herself from the city, cash, and other unrelated checks into a personal bank account and spent \$62,416 from this account on various personal items. Documentation of amounts spent from this account was prepared at the request of the AGO and was provided for their use in prosecution.</p> <p>The former City Clerk also falsified disbursement listings provided to the Board for its review and approval at monthly meetings to conceal improper disbursements totaling \$25,980. Utility and municipal division receipts totaling \$69,229 were not deposited by the former City Clerk, and only \$2 of cash was deposited into utility accounts over this more than 2 year period.</p>
Oversight, Annual Audits, and Bond Coverage	<p>The Board did not establish adequate oversight of the former City Clerk, obtain annual audits as required by state law, or obtain bond coverage for city officials and personnel with access to city monies.</p>
Accounting Controls and Procedures and Disbursements	<p>Manual receipt slips were not issued for all monies received; manual receipt books were missing; utility payments were not timely recorded in the computerized utility system; the method of payment was not consistently recorded on receipt records; and receipts were not deposited timely or intact. The city maintains an excessive number of bank accounts; monthly bank reconciliations were not performed; and the city failed to monitor the city's cash balances and incurred overdraft and minimum balance fees. The former City Clerk made excessive and unauthorized transfers between various bank accounts, and did not always deposit utility receipts into the proper bank</p>

account, which led to commingling of restricted funds. Refundable utility deposit monies held in the water bank account are not accounted for properly. Pre-numbered forms are not used for merchant and liquor licenses and gathering hall and festival booth rental fees, and records were not retained to account for the collection and deposit of these fees. Various financial and personnel records were not maintained. Some records were recovered from a city dumpster shortly after the termination of the former City Clerk.

Payroll Policies, Records, and Taxes

Significant improvement regarding personnel policies, records, and remitting payroll taxes is needed. The city had not established personnel policies addressing overtime, holidays, vacation and sick leave, employee benefits, uniform allowances, and hours of work, and a personnel file was not retained for the former City Clerk. The former City Clerk did not timely file and remit approximately \$65,000 in various payroll taxes, and concealed some of these untimely filings and payments by falsifying disbursement listings provided to the Board.

Municipal Division

Several case files and other court records could not be located by the municipal division. Neither the municipal division nor city personnel performed adequate supervisory or independent reviews of accounting functions and records. The municipal division's procedures for receipting, recording, and depositing were poor. The former Court Clerk did not disburse fines and court costs timely, submit a monthly caseload summary report to the city, or submit monthly reports of court activity to the Office of the State Courts Administrator. The former Municipal Judge had not issued a court order for the schedule of fines and court costs to be collected through the violation bureau, and a schedule could not be located by the municipal division.

Electronic Data Security

The city had not developed a formal, written contingency plan for recovering computer systems and data, and the city did not regularly back up data or periodically test backup data, and did not always store backup data at a secure off-site location.

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.