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CITIZENS SUMMARY

Findings in the audit of the City of Clever

Payroll Controls and Procedures	The city does not have a separate personnel policy or a provision in the employee handbook authorizing a "safety bonus payment" or "safety incentive payment." Supervisory review performed over biweekly payroll is not sufficient. We identified a payroll calculation error based on the city's policies. City officials allow employees to record leave usage in increments that are not approved by the employee handbook.
Disbursements	The city does not have a long-range plan for the development of a recent real estate purchase and paid significantly more than the appraised value for the 2 properties. Some disbursements allocated to various city funds did not have sufficient documentation to support how the allocation amounts were determined. The city does not have written contracts with an independent contractor (service provider).
Accounting Controls and Procedures	City employees do not always deposit receipts timely. The city does not maintain the change fund at a constant amount and uses it for petty cash expenses. In addition, a petty cash ledger is not maintained to support petty cash transactions.
Budgets and Financial Reporting	City budgets do not include all elements required by state law. City officials did not publish the semiannual financial statements for the 6 months ended December 31, 2019, as required by state law.
Utilities	The city does not have an ordinance or written policies authorizing partial payments, and does not follow established service shutoff procedures for customers who make partial payments. Periodic formal cost studies of utility (water and sewer) rates have not been performed.
Police Department Assets	Controls and documentation over tracking of Police department assets need improvement.

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

*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.



Recommendations in the audit of the City of Clever

Payroll Controls and Procedures

The Board of Aldermen:

- 1.1 Establish clear consistent and clearly defined criteria and/or performance goals to be met in order for employees to earn incentive payments prior to the period the incentive is to be paid or discontinue the practice of issuing safety incentive payments.
- 1.2 Ensure all timesheets are properly signed and approved, and someone matches employee work hours on the payroll register to the approved timesheets.
- 1.3 Ensure practices related to reduction of time during holiday weeks are consistently applied to all employees.
- 1.4 Ensure leave is taken in allowed increments per city policy.

Disbursements

The Board of Aldermen:

- 2.1 Develop plans, including a cost-benefit analysis prior to purchase, for the use and purchase of real estate. In addition, the Board should maintain documentation to support each purchase decision especially when the purchase price exceeds the appraised value.
- 2.2 Ensure payroll costs and other expenses are properly allocated to the appropriate funds, and supported by adequate documentation, which is retained.
- 2.3 Enter into written contracts defining services provided and benefits received with all applicable vendors.

Accounting Controls and Procedures

The Board of Aldermen:

- 3.1 Ensure receipts are deposited timely.
- 3.2 Maintain the change fund at a constant amount and reconcile the fund to the authorized balance with each deposit. If needed, a petty cash fund should be established and maintained on an imprest basis. A petty cash ledger should also be maintained.

Budgets and Financial Reporting

The Board of Aldermen:

- 4.1 Ensure annual budgets contain all information required by state law.
- 4.2 Publish semiannual financial statements as required by state law and city code.

Utilities

The Board of Aldermen:

- 5.1 Discontinue allowing customer partial payments or establish an ordinance allowing them. If a partial payment ordinance is established, also create policies and procedures governing the process that should include at least (1) each customer having a written payment plan and (2) approval of each plan by someone independent of the utility's accounting functions.
- 5.2 Ensure formal reviews of utility rates are performed periodically to determine if revenues are sufficient to cover all costs of providing the services without generating excessive profits.

Police Department Assets

The Board of Aldermen and the Police department work together to ensure property receipt forms are properly signed.