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CITIZENS SUMMARY

Findings in the audit of the City of Forsyth

Missing Money	Cash utility deposits totaling \$2,000 were received, but not deposited, and cash receipts totaling \$1,403 were stolen from the city's vault.
Untimely and Questionable Utility Deposits	Utility deposits, totaling \$6,400, were not deposited until long after activation of utility services.
Accounting Controls and Procedures	The Board did not establish adequate segregation of duties or supervisory reviews over the various financial accounting functions performed by the former Utility Clerk, City Clerk, and Finance Officer. The city's procedures for receipting, transmitting, recording, depositing, refunding, and reconciling money collected is poor. Physical controls over receipts and city keys need improvement.
Utility System Controls and Procedures	City personnel do not prepare proper reconciliations related to utility services. The city is not following its service shut off ordinance. The city does not have an ordinance regarding partial payments by customers who have delinquent accounts, and customers are allowed to make partial payments without entering into a written payment agreement and without Board approval. The city does not have adequate procedures to pursue collection of accounts receivable.
Electronic Data Security	The city has not established adequate user identification and password controls to reduce the risk of unauthorized access to the city computers and data. Effective security controls are not in place to lock computers after a certain period of inactivity. The city does not store data backup files at an 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.



Recommendations in the audit of City of Forsyth

Missing Money	The Board of Aldermen continue to work with law enforcement officials on criminal prosecution regarding the undeposited utility deposits and stolen money; and take the necessary actions to obtain restitution.
Untimely and Questionable Utility Deposits	The Board of Aldermen should continue to work with law enforcement officials on criminal prosecution regarding the untimely and questionable utility deposits.
Accounting Controls and Procedures	<p>The Board of Aldermen:</p> <p>3.1 Segregate accounting duties to the extent possible and implement appropriate reviews and monitoring procedures.</p> <p>3.2 Ensure all receipts are deposited timely and intact, receipt slips and licenses issued are reconciled to the computerized systems and deposits, all refunds are made by check, prenumbered receipt slips are issued for all payments received, all payments received are timely recorded in the computerized systems, the numerical sequence of receipt slips is accounted for, transmittals of money between employees are documented, and adequate records of campground fees are maintained.</p> <p>3.3 Maintain money collected and keys in a secure location and change the locks at applicable city properties when keys are lost.</p>
Utility System Controls and Procedures	<p>The Board of Aldermen:</p> <p>4.1 Ensure monthly reconciliations are performed of amounts billed to amounts collected and delinquent accounts, and of gallons of water billed to gallons pumped, and significant differences are investigated.</p> <p>4.2 Ensure utility accounts are shut off in accordance with the established city ordinance or modify the ordinance to current practices.</p> <p>4.3 Discontinue allowing collection of partial payments or establish an ordinance outlining the procedures allowing customers to make partial payments. Ensure the procedures include preparation of a written payment agreement with each customer making partial payments.</p> <p>4.4 Periodically review detailed accounts receivable records and take action to collect on delinquent accounts. The Board should establish written policies and procedures for the collection and writing off of accounts receivable, ensuring the factors considered for each decision are retained and each written off balance is approved and verified by a person independent of the transactions.</p>

Electronic Data Security

The Board of Aldermen:

- 5.1 Require employees use their unique user identification and password when using the accounting and utility systems, and they change those passwords periodically, to help prevent unauthorized access to the city computers and data.
- 5.2 Require each computer to have an effective security control in place to lock it after a certain period of inactivity.
- 5.3 Ensure backup files are stored at a secure, off-site location.