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CITIZENS SUMMARY

Findings in the audit of the City of Rockville

Oversight and Segregation of Duties	The Board of Aldermen has not adequately segregated accounting duties or ensured a documented supervisory or independent review over various financial accounting functions is performed.
Accounting Controls and Procedures	The city's procedures for receipting, recording, and depositing money need improvement. The City Treasurer does not prepare adequate or timely bank reconciliations for the city's 8 bank accounts, maintain a checkbook register for all accounts, or maintain running book balances. The City Treasurer could not provide adequate supporting documentation for some disbursements and the Board's review of disbursements is not adequate. In addition, the disbursement lists are not retained with the meeting minutes.
Utility Controls and Procedures	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. Someone independent of the utility's accounting functions does not approve partial payments and there are no written partial payment agreements. Refundable customer utility deposits held in the Meter Fund bank account and the Water Meter certificate of deposit are not accounted for properly. The City Treasurer did not have adequate controls and procedures to ensure sales taxes collected and related returns associated with water services were properly remitted to the Department of Revenue as required by state law. City officials do not perform monthly reconciliations of total gallons of water billed to gallons of water pumped. The city has not obtained annual audits of its sewer system as required by state law.
Billings	The Board has not established policies and procedures to ensure the timely preparation and mailing of annual property tax statements and monthly utility billings.
Delinquent Property Taxes	The City Treasurer does not prepare and submit for approval to the Board a monthly list of delinquent tax collections or an annual delinquent tax listing, and the city does not have procedures to pursue collection of delinquent taxes.
Ordinances	City ordinances are not complete or up to date.
Election Procedures	The city did not follow state law during an election for an Alderman seat that ended in a tie vote.
Budgets and Financial Reporting	The city did not prepare annual budgets, file adequate financial reports, and publish semiannual financial statements in compliance with state law.
User Identification and Passwords	The city has not established adequate user identification and password controls to reduce the risk of unauthorized access to the city computer and data.

Electronic Communication
Policy

The city has not developed a records management and retention policy in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.

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 the City of Rockville

Oversight and Segregation of Duties The Board of Aldermen segregate accounting duties to the extent possible and implement appropriate independent reviews and monitoring procedures.

Accounting Controls and Procedures The Board of Aldermen:

- 2.1 Ensure prenumbered receipt slips are issued in numerical sequence for all money received, the numerical sequence of receipt slips is accounted for, the composition of receipts is reconciled to the composition of deposits, and money is kept in a secure location until deposited. Also, ensure deposits are made timely and intact; receipts are deposited into the appropriate bank accounts based on collections for water, sewer, and trash; and checks and money orders are restrictively endorsed upon receipt.
- 2.2 Ensure monthly bank reconciliations are prepared timely, and checkbook registers and running book balances are maintained for all bank accounts.
- 2.3 Maintain adequate supporting documentation for all disbursements, and perform a documented review and approval of invoices and disbursement lists prior to payment.

Utility Controls and Procedures The Board of Aldermen:

- 3.1 Establish an ordinance for partial payments and 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.
- 3.2 Ensure a list of utility deposits is prepared and reconciled to the balance of deposits held monthly and promptly investigate any differences.
- 3.3 Ensure sales taxes collected are reported and remitted timely.
- 3.4 Ensure monthly reconciliations are performed of gallons of water billed to gallons pumped, and investigate any significant differences.
- 3.5 Obtain annual audits of the sewer system as required by state law.

Billings The Board of Aldermen implement policies and procedures to ensure property tax statements and monthly utility billings are prepared and mailed timely.

Delinquent Property Taxes The Board of Aldermen require the City Treasurer to submit monthly lists of delinquent tax collections and an annual list of all taxes remaining due and uncollected as required by law. In addition, the Board should establish procedures to pursue collection of delinquent taxes.

Ordinances	The Board of Aldermen update the compensation ordinance and ensure ordinances are maintained in a complete and up-to-date manner. The Board should establish, by ordinance, a conflicts of interest policy and personnel policy addressing the supervision of related employees, trash rates, and water meter deposits.
Election Procedures	The Board of Aldermen perform due diligence to ensure election procedures are in compliance with state law.
Budgets and Financial Reporting	<p>The Board of Aldermen:</p> <ul style="list-style-type: none"> <li data-bbox="568 472 1497 556">8.1 Prepare annual budgets as required by state law, and ensure the budgets are adequately monitored. <li data-bbox="568 577 1497 661">8.2 Submit adequate annual financial reports to the State Auditor's Office as required by state law. <li data-bbox="568 682 1497 745">8.3 Publish semiannual financial statements as required by state law.
User Identification and Passwords	The Board of Aldermen require all authorized users have unique identifications and confidential passwords that are periodically changed.
Electronic Communication Policy	The Board of Aldermen develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.