



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the City of Orrick

Economic Development	The city may have violated Article VI, Sections 23 and 25 of the Missouri Constitution as a result of a property conveyed for little consideration to a private individual and another property conveyed for no consideration to a corporation.
Accounting Controls and Procedures	The Board has not adequately segregated accounting duties or ensured documented supervisory or independent reviews over various financial accounting functions are performed. Receipt slips are not issued for all money received and a deposit summary or receipt ledger to document all payments received is not prepared.
Contracts and Disbursements	The city does not have a written contract to define job responsibilities for the City Attorney. In addition, the Board violated the Missouri Constitution when it approved and made a bonus payment of \$1,000 to the attorney in February 2022 that is not in compliance with the city's verbal agreement to pay the attorney \$600 per month for his services. The Mayor did not document his approval, as required, for 3 emergency purchases for sewer line repairs made by the Public Works Supervisor during the year ended December 31, 2021, totaling \$3,822, and full explanations of the emergency purchases were not documented in the minutes as required.
Payroll Controls and Procedures	The Board approves year-end bonus payments to all employees in violation of the Missouri Constitution. The Board has not amended its employee health insurance ordinance to reflect approved changes.
Sunshine Law	The Board did not document in the open meeting minutes the specific reasons or sections of law allowing the meeting to be closed for 12 of the 17 closed meetings held between January 1, 2021, and August 31, 2022. Some meeting notices and agendas included a statement that a closed meeting would be held, but the statement did not include the specific section of law allowing the closed meeting. The Board discussed and voted on some topics in closed meetings that were not allowable under the Sunshine Law. The Board does not review and approve minutes of closed meetings and the closed meeting minutes are not signed by the preparer to ensure accuracy of the minutes.
Budgeting Procedures	The city's budgets for the years ended December 31, 2020, 2021, and 2022, did not include all statutorily-required information, and the budget for the year ended December 31, 2022, did not include the actual beginning and estimated ending cash balances. The Board does not monitor budget-to-actual receipts and disbursements because year-to-date budget-to-actual reports of financial activity are not presented to the Board and a final budget-to-actual report was not prepared for the year ended December 31, 2021.
User Identification and Passwords	The city has not established adequate user identification and password controls to reduce the risk of unauthorized access to city computers.

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. This guidance recommends government entities have a policy on electronic messaging, including text messages, email, and other third party platforms.

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

*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 Orrick

Economic Development	The Board of Aldermen implement procedures to ensure properties conveyed for little or no consideration to private individuals and corporations are used for a public purpose in compliance with the Missouri Constitution.
Accounting Controls and Procedures	<p>The Board of Aldermen:</p> <p>2.1 Segregate the accounting duties to the extent possible and ensure documented independent supervisory reviews of detailed accounting and bank records are performed.</p> <p>2.2 Ensure receipt slips are issued for all money received.</p>
Contracts and Disbursements	<p>The Board of Aldermen:</p> <p>3.1 Enter into written contracts defining services provided and benefits received, ensure compliance with contract terms, and update or amend contracts, as necessary, when terms change. In addition, discontinue granting extra compensation to contractors after services have been rendered.</p> <p>3.2 Ensure city personnel procure goods and services in accordance with city code and maintain documentation of decisions made.</p>
Payroll Controls and Procedures	<p>The Board of Aldermen:</p> <p>4.1 Discontinue paying employee bonuses.</p> <p>4.2 Update the health insurance ordinance to include the benefit of reimbursing health insurance premiums.</p>
Sunshine Law	The Board of Aldermen ensure specific reasons for closing a meeting are documented in the open minutes, meeting notices, and agendas; and only topics allowed by state law are discussed in closed meetings. In addition, the Board should ensure meeting minutes are reviewed and approved for all closed meetings and signed by the preparer.
Budgeting Procedures	<p>The Board of Aldermen:</p> <p>6.1 Prepare annual budgets that contain all information required by state law.</p> <p>6.2 Ensure budgets are adequately monitored.</p>
User Identification and Passwords	The Board of Aldermen require confidential user identification and passwords for each employee 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.