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# CITIZENS SUMMARY

## Summary of findings in the audit of the City of Dixon

Misappropriated Money	From November 2013 through March 2020, money totaling at least \$18,910 was misappropriated from the city, including payroll overpayments made to the City Clerk for vacation leave, sick leave, severance pay, holiday pay, and inaccurate rates of pay. Between April 9, 2015, and March 13, 2020, the City Clerk was improperly paid \$9,345 for 600 hours of vacation leave in violation of city policy. The City Clerk overpaid himself \$3,026 for accrued sick leave upon retirement due to inaccurate leave records maintained by the City Clerk. The City Clerk paid himself \$2,639 more than allowed by policy for severance pay. The City Clerk paid himself \$2,695 for holidays in excess of those provided by ordinance. The City Clerk inaccurately recorded his hourly rate in the payroll system, resulting in \$1,205 in overpayments. In addition, questionable overtime payments and unsupported expense reimbursements were paid to the City Clerk.
Oversight and Segregation of Duties	The Board did not establish adequate oversight of the City Clerk or segregation of duties over the various financial accounting functions. The Board did not adequately monitor the city's payroll and employee reimbursement activity. The City Clerk also signed his own payroll and reimbursement checks and had access to a former Mayor's signature stamp.
Payroll Controls and Procedures	The City Clerk paid himself \$96,679 for overtime worked during his employment in violation of city ordinance. The city does not have ordinances establishing the amount of compensation of some city officials and employees. Ordinances and personnel policies are poorly maintained. Payroll was not adequately reviewed and approved by the Board. The City Clerk did not provide detailed monthly payroll reports for the Board's review. Bi-monthly/bi-weekly timesheets of the City Clerk were not always retained, and timesheets retained were not always signed by the City Clerk or supervisor to document approval and review of time worked. The City Clerk's personnel file did not contain documentation of changes in his pay rate during his employment. In addition, the City Clerk was paid hourly rates not supported by the rate of pay report generated from the city's accounting system. The City Clerk did not timely file 941 forms and remit applicable payroll taxes to the Internal Revenue Service (IRS).
Expense Reimbursements	The Board did not document its review and approval in meeting minutes or on supporting documentation of any of the 21 expense reimbursements totaling \$5,153 made to the City Clerk during his employment. In addition, supporting documentation was not maintained for 11 of these reimbursements, totaling \$2,407.

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.



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**Recommendations in the audit of the City of Dixon**

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Misappropriated Money	The Board of Aldermen work with law enforcement officials regarding criminal prosecution of the overpayments and take the necessary actions to obtain restitution.
Oversight and Segregation of Duties	The Board of Aldermen segregate accounting duties to the extent possible, implement appropriate reviews and monitoring procedures, require dual independent signatures on all checks, and establish proper controls over signature stamps.
Payroll Controls and Procedures	<p>The Board of Aldermen:</p> <ul style="list-style-type: none"><li>3.1 Ensure city ordinances and personnel policies are followed, establish the compensation of all city officials and employees by ordinance, and ensure ordinances and personnel policies are maintained in a complete and well-organized manner.</li><li>3.2 Ensure detailed payroll reports are prepared and compared to employee timesheets, and the Mayor's and Board's reviews of the payroll reports are documented.</li><li>3.3 Ensure timesheets are retained and properly signed and approved, and reviews of timesheets are performed to ensure the propriety of payroll payments.</li><li>3.4 Ensure pay rates are documented in personnel files for all city employees.</li><li>3.5 Establish procedures to ensure payroll taxes are filed and remitted to the appropriate taxing entity timely.</li></ul>
Expense Reimbursements	The Board of Aldermen maintain adequate supporting documentation for all expense reimbursements, and ensure invoices are adequately reviewed and approved.