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CITIZENS SUMMARY

Findings in the audit of Pierce Township - Texas County

Accounting Controls and Procedures	The Board of Directors does not review and approve disbursements before payments are made and supporting documentation was not available for all disbursements made. The former Township Treasurer outsourced payroll services to a bookkeeper without Board approval and the bookkeeper does not have a written contract with the Board. The Township Treasurer does not perform monthly bank reconciliations for the township's 2 bank accounts, which led to a failure to identify errors in the general ledger that amounted to more than \$18,000 in unrecorded disbursements and deposits. The Treasurer's reports presented to the Board each month did not reflect all financial activity of the township and cash balances reported were inaccurate.
Budgets and Financial Statements	The township's budgets for the years ended December 31, 2022, and 2023, did not include all statutorily required information and were not approved by the Board. In the 2022 budget, the only revenue budgeted was interest and neither the 2022 nor 2023 budgets included estimated ending cash balances. In 2022, budgeted disbursements, totaling \$81,277, exceeded budgeted revenues, totaling \$53, by \$81,224. The estimated beginning cash balance on January 1, 2022, was only \$69,053, which resulted in a deficit budget balance of \$12,171. The published financial statements were not complete and/or accurate.
Disbursement Controls and Procedures	The Board did not solicit competitive bids for major purchases in accordance with state law. A used road grader was purchased in August 2020 for \$44,000 and a tractor and brush cutter were purchased in July 2021 for \$25,400 without soliciting competitive bids. The Board approved year-end bonus payments of \$100 to both township employees in violation of the Missouri Constitution. The Board did not document the reasons for classifying the township officials (Board members and clerk) as independent contractors rather than employees for income tax purposes. The Board violated the Missouri Constitution by paying \$800 of bereavement pay to an employee upon the death of his spouse in March 2022.
Electronic Communication Policy	The township has not developed a records management and retention policy that includes electronic communication in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.
Road Maintenance Plan	The Board has not developed a formal annual maintenance plan for township roads.

Record Retention

The Board did not document the passing of official township records to successor officers when elected or appointed to office as required by state law.

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 Pierce Township - Texas County

Accounting Controls and Procedures	<p>The Board of Directors:</p> <ol style="list-style-type: none">1.1 Review and document approval of all disbursements before payment is made and ensure supporting documentation is retained to support each disbursement made. In addition, Board authorization should be documented before hiring vendors, and written contracts should be obtained and approved.1.2 Ensure bank reconciliations are performed monthly.1.3 Monitor the township's finances by requiring accurate financial reports be prepared and presented to the Board.
Budgets and Financial Statements	<p>The Board of Directors:</p> <ol style="list-style-type: none">2.1 Prepare and approve complete and accurate annual budgets that contain all information required by state law and discontinue deficit budgeting.2.2 Ensure complete and accurate financial statements are published in accordance with state law.
Disbursement Controls and Procedures	<p>The Board of Directors:</p> <ol style="list-style-type: none">3.1 Solicit competitive bids for all applicable purchases in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained by the Township Clerk.3.2 Discontinue paying employee bonuses.3.3 Determine the proper classification for township officials to ensure compliance with state and federal laws and regulations.3.4 Ensure all disbursements are a prudent use of public funds and discontinue bereavement pay.
Electronic Communication Policy	<p>The Board of Directors 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.</p>
Road Maintenance Plan	<p>The Board of Directors establish a formal annual road maintenance plan.</p>
Record Retention	<p>The Board of Directors ensure all official records are transferred to successor officials timely during each transition of officials and documentation of the records transferred is prepared and filed with the Township Clerk.</p>