

The seal of the Missouri State Auditor is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "JUSTICE WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom.

**Nicole Galloway, CPA**

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**Missouri State Auditor**

**FOLLOW-UP REPORT ON AUDIT FINDINGS**

**City of Parma**

Report No. 2021-023

May 2021

[auditor.mo.gov](http://auditor.mo.gov)

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# City of Parma

## Follow-Up Report on Audit Findings

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## NICOLE GALLOWAY, CPA Missouri State Auditor

To the Honorable Mayor  
and  
Members of the Board of Aldermen  
City of Parma, Missouri

We have conducted follow-up work on audit report findings contained in Report No. 2020-038, *City of Parma* (rated as Poor), issued in July 2020, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings for which follow up is considered necessary, and inform the city about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
  - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
  - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
  - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
  - Not Implemented: Auditee has not implemented the recommendation and has no specific plans to implement the recommendation.

As part of the AFTER work conducted, we reviewed documentation provided by the City Clerk and held discussions with the Mayor and a Board member to verify the status of implementation for the recommendations. Documentation provided by the city included Board meeting minutes, financial records, and other pertinent documents. This report is a summary of the results of this follow-up work, which was substantially completed during March and April 2021.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA  
State Auditor

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# City of Parma

## Follow-Up Report on Audit Findings

### Status of Findings

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1. **Misappropriated Monies** From April 14, 2015, through April 16, 2019, monies totaling at least \$115,582 were misappropriated from the city. Payroll overpayments totaling \$43,620 were made to the Mayor, City Clerk, and Water Supervisor, and improper withdrawal and payments totaling \$39,238 were made by/to the Mayor, City Clerk, Water Supervisor, and Alderman Wofford's business. Improper purchases totaling \$25,680 were made by the Mayor, City Clerk, and Water Supervisor, and the purchaser of some items was unknown. Improperly recorded utility payments totaling \$533 and utility adjustments totaling \$4,625 were applied to the accounts of the Mayor, the Water Supervisor, Alderman Wofford, Alderwoman Jones, and a church, and we estimated \$1,886 of additional improper utility adjustments were made to their accounts during periods that records were not available.

In addition, the Mayor and City Clerk falsified Board meeting minutes and financial reports, and the list of bills prepared for Board meetings by the City Clerk were incomplete and inaccurate. Most of these inaccurate financial reports prepared for Board meetings were reviewed and signed by the Mayor.

The State Auditor's Office (SAO) was notified on April 17, 2019, of fires that destroyed most of city hall and the city's computers, some city records, and the Mayor's home. Ongoing investigations into the fires were being conducted by the New Madrid County Sheriff's office.

#### Recommendation

The Board of Aldermen continue to work with law enforcement officials regarding criminal prosecution of the payroll overpayments, improper withdrawal and payments, improper purchases, improperly recorded utility payments and improper adjustments, and falsified records; and take the necessary actions to obtain restitution.

#### Status

##### **In Progress**

In November 2020, the Prosecuting Attorney of New Madrid County filed felony criminal charges against the former Mayor, the former City Clerk, and the former Water Supervisor. The former Mayor and the former City Clerk were charged with two counts of receiving stolen property and two counts of forgery. The former Water Supervisor was charged with one count of receiving stolen property. All three cases are still ongoing as of April 2021. The Board of Aldermen indicated it will continue to work with law enforcement officials regarding criminal prosecution and will take the necessary actions to obtain restitution.

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2. **Oversight, Annual Audits, and City Code and Ordinances** The Board did not establish adequate oversight or obtain annual audits as required by state law. City code and ordinances also needed improvement.



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2.1 Oversight and segregation of duties

The Board did not establish adequate segregation of duties or supervisory reviews over the various financial accounting functions performed by the Mayor and City Clerk.

Recommendation

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

Status

**In Progress**

The Board indicated it reviews vendor invoices and approves all checks monthly before disbursement, with the exception of payroll since it is paid weekly. All disbursements, including payroll, are listed on the city's profit and loss report, which is presented to the Board for review at each monthly meeting. However, the Board does not document its review and approval of the invoices or the profit and loss report, but Board members indicated they will start signing the invoices and the monthly profit and loss report.

The City Treasurer reconciles bank statements monthly. The Board is given a fund balance report for review at each meeting. As of the April 2021 Board meeting, bank statements are now presented to the Board at Board meetings.

Utility spreadsheets prepared by the City Clerk are presented to the Board for review each month; however, utility reports generated from the utility system were not presented for the Board's review. The City Clerk indicated reports generated from the utility system will be provided to the Board going forward.

2.2 Annual audits

The city did not obtain annual audits as required, and city officials did not know when the last audit of city finances occurred.

Recommendation

The Board of Aldermen obtain annual audits of the waterworks and sewerage system as required by state law.

Status

**In Progress**

The City Clerk indicated no annual audits of the waterworks and sewerage system have been completed or are scheduled to be completed. The City Clerk indicated this will be discussed at the next Board meeting.

2.3 City code and ordinances

The Board had not complied with city code and had not established or updated city code or ordinances as appropriate. Monthly Board meetings were frequently canceled by the Mayor or not held in compliance with City Code and Board meeting minutes were not located for several monthly Board meetings. The city also did not have ordinances establishing the compensation of city officials and employees and did not establish or update city codes/ordinances for changes in various city procedures. The Mayor appointed an Alderwoman to serve on the Board; however, she was not a



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resident of the city for one year preceding her appointment as required by city code.

**Recommendation**

The Board of Aldermen update city code as procedures change, establish the compensation of city officials and employees by ordinance, and ensure compliance with city code.

**Status**

**In Progress**

The Board has held monthly meetings and maintained meeting minutes for each meeting for the past 6 months except for February 2021, which was canceled due to inclement weather. In addition, documentation showing all Board members were residents of the city for one year preceding appointment/election is maintained by the City Clerk.

The city does not have ordinances establishing the compensation of city officials and employees. The city has not established or updated ordinances regarding payments for utility services or weekly pay periods; however, the Board did adopt new personnel policies that address probationary periods, working with relatives, overtime, holidays, and paid vacations. The City Clerk indicated changes to ordinances will be discussed at the next Board meeting.

**3. Disbursements and Bond Requirements**

Controls and procedures over disbursements needed improvement, and the city did not fund and maintain account balances in accordance with bond requirements.

**3.1 Board review and approval process**

The City Clerk did not provide bank statements, a complete and accurate list of bills, complete and accurate financial information, or monthly utility reports to the Board for review at monthly meetings. Board members indicated they did not review bank statements. The list of bills provided to the Board for review and approval was not compared to invoices and actual checks written. Board members did not review invoices, several payments were made with no supporting documentation, checks were often issued out of numerical sequence, and documentation of the receipt of goods or services on the invoices was not required. The Board and City Clerk also failed to monitor the city's cash balance and the city incurred overdraft fees.

**Recommendation**

The Board of Aldermen review bank statements monthly and properly monitor bank account balances to avoid bank fees. The Board should also ensure an accurate and complete monthly list of bills is prepared and compared to invoices and checks written. In addition, the Board should ensure invoices are adequately reviewed and checks are issued in numerical sequence, and require documentation of receipt of goods and/or services prior to payment of invoices.



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Status

**Implemented**

The Board is given a fund balance report for review at each meeting. As of the April 2021 Board meeting, bank statements are now presented to the Board at monthly meetings. The Board indicated it approves all checks before disbursement, with the exception of payroll since it is paid weekly. The City Clerk prints the checks and presents them to the Board along with the vendor invoices for review each month. All disbursements, including payroll, are listed on the city's profit and loss report, which is presented to the Board for review at each monthly meeting. Our comparison of the February 2021 financial report to actual checks written and invoices showed the report provided to the Board was complete and accurate. Our review of the February 2021 bank statements for several accounts showed that checks were issued in numerical sequence and no overdraft fees were charged to the city. We also reviewed vendor invoices and noted employee signatures documenting the receipt of goods and/or services were on the invoice.

3.2 Bond requirements

The Mayor and City Clerk did not fund and maintain account balances in accordance with bond requirements.

Recommendation

The Board of Aldermen ensure compliance with funding requirements of bond agreements.

Status

**Implemented**

The city is currently making monthly deposits of \$229 into a Debt Service Reserve (Savings) account as required by the 2009 bond requirements. As of February 28, 2021, the account had a balance of \$4,457. The city will continue making the \$229 monthly payment until it reaches the required (fully funded) balance of \$27,480.

3.3 Excessive and unauthorized transfers

The Mayor and/or City Clerk made excessive and unauthorized transfers between various bank accounts. These transfers from restricted monies to other accounts allowed improper disbursements to occur and not be detected.

A review of the city's bank statements indicated 423 transfers were made between bank accounts, and 88 of these transfers were for amounts less than \$1,000. The majority of these transfers were not approved by the Board and inappropriately made from various restricted accounts.

Recommendation

The Board of Aldermen monitor and reduce the number of transfers made between bank accounts, and ensure transfers are not prohibited by state law.



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Status

**Implemented**

We reviewed the February 2021 bank statements and financial activity and noted the Board had reduced the number of transfers made between accounts to only those necessary and appropriate. All transfers are listed on the profit and loss report that is presented and reviewed by the Board at monthly meetings.

3.4 Conflicts of interest

The Board did not adequately monitor city activities for conflicts of interest.

- The city paid \$6,000 to Fry Maxx Janitorial Service, a business owned by the City Clerk's husband, and paid \$2,100 to the City Clerk's husband without properly soliciting bids as required by state law. The city also paid \$600 to Frye's Chillin and Grillin Barbeque, another business owned by the City Clerk's husband, to provide catering services without soliciting bids.
- The city paid \$558 to Alderman Wofford's auto body shop on November 9, 2018, and \$1,092 on January 8, 2019, without properly soliciting bids as required by state law. The city also paid Alderman Wofford's auto body shop \$3,411 from April 2016 through April 2019 without properly soliciting bids. In addition, the city paid the Mayor's mother (who is also Alderman Wofford's wife) for decorations for main street and city hall without soliciting bids.

Recommendation

The Board of Aldermen refrain from entering into business transactions with related parties unless such services or transactions are properly bid in accordance with state law.

Status

**Implemented**

The City Clerk indicated the city has not entered into business transactions with any Board member or employee of the city. Our review of the February 2021 bank statements and financial activity did not show any payments made to Board members or city employees, except for normal payroll and reimbursement of expenses.

3.5 Questionable and unnecessary purchases

Numerous questionable, unreasonable, and/or unnecessary purchases were made totaling \$6,221. Some of these purchases were made using the city's Walmart credit card and some of the disbursements were made by city check.

Recommendation

The Board of Aldermen continue to work with law enforcement officials regarding criminal prosecution of personal, unsupported, and excessive purchases and take the necessary actions to obtain restitution. The Board should also ensure all disbursements are necessary and prudent uses of public funds.





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**Status**

**In Progress**

The Board of Aldermen is continuing to work with law enforcement officials regarding criminal prosecution of personal, unsupported, and excessive purchases and is waiting to take the necessary actions to obtain restitution once the criminal cases are concluded. In addition, the Board indicated it is ensuring disbursements are necessary and prudent uses of public funds by providing more oversight over disbursements and implementing stronger controls over reimbursements. For example, the city canceled the city's Walmart credit card and now reimburses employees for expenses after invoices/receipt slips are submitted. Our review of February 2021 invoices did not identify any personal, unsupported, or excessive purchases.

**3.6 Untimely payments**

The Board did not ensure some bills were paid timely resulting in late fees and finance charges. As of April 16, 2019, 72 invoices totaling \$54,220 were outstanding over 30 days, including \$1,536 of late fees and finance charges due. Based on records maintained by the City Clerk, as of March 1, 2020, the city still owed \$5,956 of the \$54,220 due.

**Recommendation**

The Board of Aldermen ensure all invoices are paid timely.

**Status**

**Implemented**

As of March 11, 2021, the city still owes one vendor \$1,311, and has agreed to make monthly payments. We reviewed all vendor invoices for February 2021, and no late fees or penalties were assessed and/or paid by the city.

**3.7 Fuel use**

The city did not maintain mileage and fuel logs. As a result, fuel use was not reconciled to fuel purchases. The amount of fuel purchased at local gas stations appeared excessive. The city issued 498 checks to local gas stations typically in whole dollar amounts ranging from \$10 to \$80 totaling \$22,955, and the city issued an average of 26 checks a month to the local gas stations.

**Recommendation**

The Board of Aldermen ensure a documented periodic reconciliation of fuel purchased to fuel used is performed with any significant differences investigated.

**Status**

**Implemented**

The City Clerk reconciles fuel used to fuel purchases and investigates significant differences. Fuel use logs are maintained for the city's bulk fuel tanks, and fuel is no longer being purchased at local gas stations.

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**4. Payroll and Related Matters**

Significant improvement over payroll controls and procedures was needed.



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#### 4.1 Payroll taxes and unreported compensation

The City Clerk did not timely file and remit various payroll taxes, and as a result, the city was assessed over \$114,000 in past due taxes, interest, and penalties.

- The City Clerk did not timely file 941 forms and remit applicable payroll taxes to the Internal Revenue Service (IRS).
- The City Clerk did not timely file and remit applicable payroll taxes to the Missouri Department of Revenue (DOR).
- The City Clerk did not timely file quarterly contribution and wage reports and remit unemployment taxes to the Missouri Department of Labor and Industrial Relations, Division of Employment Security.

Also, some of the payroll overpayments, and most of the improper payments identified in MAR finding number 1 were not subject to payroll tax withholdings and were not included on the employees' W-2 forms.

#### Recommendation

The Board of Aldermen establish procedures to ensure all compensation is properly reported and payroll taxes are properly withheld and remitted to the appropriate taxing entities timely. In addition, the Mayor's, City Clerk's, and Water Supervisor's W-2 forms should be amended as appropriate.

#### Status

##### **In Progress**

The city has paid the balance of all past due taxes owed to the IRS, but has not paid past due interest and penalties totaling \$26,205. However, the city filed an appeal with the IRS to forgive the interest and penalties due. In addition, the city has paid all past taxes and interest and penalties due to the DOR and Division of Employment Security.

We reviewed payroll records for February 2021, and determined compensation was properly reported and payroll taxes were properly withheld and timely remitted to the appropriate taxing entities. The Board indicated it reviews a disbursement report each month to ensure payroll taxes are remitted each month to the IRS, DOR, and Division of Employment Security. The City Clerk indicated the Board plans to amend the W-2 forms for the Mayor, City Clerk, and the Water Supervisor once the criminal cases are concluded.

#### 4.2 Payroll advances/loans

The Mayor and City Clerk issued payroll advances/loans to employees totaling \$5,400 in violation of the Missouri Constitution. Payroll deductions totaling \$1,225 were withheld from subsequent checks leaving an outstanding balance of \$4,175.

#### Recommendation

The Board of Aldermen discontinue the practice of providing payroll advances to employees. The Board should continue to work with law



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enforcement officials regarding criminal prosecution of the unpaid payroll advances and take the necessary actions to obtain restitution.

**Status**

**In Progress**

The City Clerk indicated payroll advances to employees have been discontinued. We reviewed payroll reports for the first quarter of 2021, and no payroll advances/loans were made. In addition, the Board is continuing to work with law enforcement officials regarding criminal prosecution of the unpaid payroll advances and is waiting to take action to obtain restitution once the criminal cases are concluded.

**4.3 Timesheets/cards and leave records**

Timesheets/cards were not prepared by some city employees and timesheets/cards prepared by other employees were not retained or located at city hall. In addition, compensatory time/overtime hours worked were not consistently documented on payroll records for some employees. Leave records were also not maintained for city employees.

**Recommendation**

The Board of Aldermen ensure timesheets/cards are prepared, retained, and properly signed and approved, and leave records are maintained.

**Status**

**Implemented**

During our review of February 2021 payroll transactions, we noted timesheets/cards were prepared and signed by each employee and approved and retained by the City Clerk. Leave records were maintained for each employee.

**4.4 Personnel policies and files**

The city did not have personnel policies to address timesheets/cards, leave records, hours of work, and how overtime and compensatory time was to be calculated. In addition, the city did not compensate employees for overtime in compliance with FLSA requirements. Personnel files for most employees were also not located at city hall, and documentation of salary amounts and/or rates of hourly pay were not available.

**Recommendation**

The Board of Aldermen adopt detailed personnel policies, ensure compliance with the FLSA, and maintain personnel files for all city employees.

**Status**

**In Progress**

The Board revised the city's personnel policies on August 13, 2020, to address leave records, hours of work, and how overtime and compensatory time is calculated. The personnel policy does not address timesheets/cards; however, the Board indicated it plans to update the personnel policy to address timesheets/cards. Currently, timesheets/cards are being signed by the employees and reviewed by the City Clerk. We reviewed payroll transactions



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for February 2021, and noted employees were compensated for overtime in compliance with FLSA requirements. In addition, salary amounts and/or rates of hourly pay are included in the personnel files, and personnel files of all city employees were located at city hall during a visit to the city in March 2021.

#### 4.5 Questionable payroll payments

Questionable payroll payments were made to the City Clerk for vacation leave and compensatory time/overtime, and to the Water Supervisor for overtime.

#### Recommendation

The Board of Aldermen ensure reviews of payroll records are performed to ensure the propriety of payroll payments, and review the questionable payroll payments and consider working with law enforcement officials regarding criminal prosecution of the questionable payments.

#### Status

#### **In Progress**

The Board indicated it now reviews a report of all disbursements, including payroll, at each monthly meeting to ensure there are no questionable payments. We reviewed the first quarter of 2021 payroll transactions and noted no questionable payroll payments made to employees. The Board also indicated it is continuing to work with law enforcement officials regarding criminal prosecution of the questionable payments.

#### 4.6 Garnishments

The City Clerk failed to garnish wages and remit child support garnishments withheld to the Missouri Department of Social Services (DSS) Family Support Payment Center as required.

#### Recommendation

The Board of Aldermen ensure compliance with court orders by withholding garnishments from wages when required and paying monies withheld to the applicable party.

#### Status

#### **In Progress**

We reviewed the first quarter payroll report for 2021, and noted the city was making weekly disbursements to the Family Support Payment Center in compliance with court ordered garnishment withholdings. The Board consulted with legal counsel and decided to delay taking action regarding child support withheld from a past employee's wages until after the criminal cases are concluded.

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#### 5. Utility System Controls and Procedures

Utility system controls and procedures needed improvement.

##### 5.1 Adjustments

Improper adjustments were made or were likely made to the utility accounts of the Mayor, Water Supervisor, Alderman Wofford, Alderwoman Jones, and a church. The adjustments were made without obtaining independent



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approval or maintaining adequate documentation to support the reason for the adjustments.

**Recommendation**

The Board of Aldermen ensure all adjustments are independently approved and supporting documentation is retained.

**Status**

**Implemented**

The City Clerk prepares a monthly reconciliation of amounts billed to amounts collected, amounts adjusted, and amounts delinquent on a spreadsheet and presents this spreadsheet to the Board for review each month. If adjustments need to be approved before the monthly Board meeting, the City Clerk will contact Board members for prior approval, and the Board will formally approve the adjustments at the next Board meeting. For example, in February 2021, large water leaks occurred due to cold weather, and a \$5,886 adjustment to water bills was approved by the Board on March 5, 2021.

**5.2 Utility reconciliations**

City personnel did not prepare proper reconciliations related to utility services.

**Recommendation**

The Board of Aldermen ensure monthly reconciliations are performed of amounts billed to amounts collected and delinquent accounts, and of gallons of water billed to gallons pumped, and investigate significant differences.

**Status**

**Partially Implemented**

The City Clerk prepares a monthly reconciliation of amounts billed to amounts collected, amounts adjusted, and amounts delinquent on a spreadsheet and presents this spreadsheet to the Board for review each month.

A monthly reconciliation of total gallons of water billed to gallons of water pumped cannot be prepared because the control panel reporting the gallons pumped is broken. The City Clerk indicated the cost to repair the panel is expensive; therefore, there is no immediate plan to repair it.

**5.3 Utility deposits**

Refundable utility deposits held in the Water and Sewer Deposit Escrow bank account were not accounted for properly. The City Clerk and former City Collector did not keep a listing of deposits held and were not tracking deposits. On October 4, 2019, the estimated liability for water meter deposits totaled \$22,710. However, the Water and Sewer Deposit Escrow bank account only had a balance of \$2,525 and the Water/Sewer/Garbage bank account only had a balance of \$1,662, resulting in an estimated shortage of \$18,523.



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<b>Recommendation</b>	The Board of Aldermen ensure a list of utility deposits is prepared and reconciled to the balance of deposits held monthly and promptly investigate any differences.
<b>Status</b>	<b>In Progress</b>  The city has established a separate bank account for current utility deposits on hand, and the City Clerk reconciles the balance in the account to the utility system monthly. The City Clerk also maintains a list of customers who made utility deposits in previous years. Due to the financial condition of the city, the city has not been able to set aside money for all these deposits. The Board indicated as the financial condition of the city improves, it will ensure the utility deposit account is properly funded for all deposits.
5.4 Sales tax	The City Clerk did not file returns with the DOR or remit sales taxes collected related to water services provided, which totaled \$9,650.
<b>Recommendation</b>	The Board of Aldermen ensure sales taxes collected are reported and remitted timely.
<b>Status</b>	<b>Implemented</b>  The city has paid the balance of all past due sales tax and penalties and interest owed. The Board indicated it reviews and approves the disbursement of sales taxes to the DOR before each disbursement is made from the Water/Sewer/Garbage bank account.
6. Budgets and Financial Reporting	The city did not prepare annual budgets, file annual financial reports timely, or publish semiannual financial statements in compliance with state law.
6.1 Budgets	Neither the Board nor the City Clerk prepared budgets for the 2 years ended June 30, 2019. There was no evidence in Board meeting minutes indicating a budget was adopted and approved for these 2 years.
<b>Recommendation</b>	The Board of Aldermen prepare budgets that contain all information required by city code and state law.
<b>Status</b>	<b>Partially Implemented</b>  A city budget was prepared for the year ended June 30, 2021. However, the budget did not include all the required elements. The budget document did not include a budget message, actual or budgeted amounts for the 2 preceding years, the actual beginning and estimated ending cash balance for each fund, or a budget summary.



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6.2	Financial reporting	Neither the Board nor the City Clerk submitted a financial report to the SAO as required by state law for the year ended June 30, 2018. As a result, fines totaling \$47,500 were imposed. The DOR reduced the city's sales and use tax distributions each year as partial payments, and the city owed \$44,199 to the DOR as of January 31, 2020.
	Recommendation	The Board of Aldermen submit annual financial reports to the State Auditor's Office as required by state law.
	Status	<b>Implemented</b>  The city timely submitted annual financial reports for the years ended June 30, 2019, and 2020, to the SAO as required by state law.
6.3	Published financial statements	The City Clerk did not prepare and publish financial statements for the 4 years ended June 30, 2018, as required by city code and state law.
	Recommendation	The Board of Aldermen ensure publication of the city's semiannual financial statements as required by city code and state law.
	Status	<b>Implemented</b>  The semiannual financial statement for the period ending December 31, 2020, was prepared and posted on the city's bulletin board at city hall. We observed this posting during a visit to the city in March 2021.
7.	Electronic Data Security	Controls over some city computerized applications were not sufficient to prevent unauthorized access, and sufficient plans and processes were not in place for recovering systems and data.
7.1	User identifications and passwords	The Mayor, City Clerk, and former City Collector shared the user identification and password for the city's utility software application, allowing them access to all utility functions.
	Recommendation	The Board of Aldermen require unique user identifications for each software application and require passwords remain confidential and be changed periodically.
	Status	<b>Implemented</b>  The City Clerk, City Treasurer, and Administrative Assistant each have a unique user identification for each software application. According to the City Clerk, passwords are changed every 3 months.
7.2	Contingency plan and backup data	The city had not developed a formal, written contingency plan for resuming normal business operations and recovering computer systems and data in the



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event of a disaster or other extraordinary situations. While city personnel indicated they backed up electronic data periodically, the backup data was stored on-site at city hall. As a result, both the computers and backup data were destroyed during a fire.

**Recommendation**

The Board of Aldermen develop a formal, written contingency plan that is periodically tested, evaluated, and updated as needed. The Board should also store backup data in a secure off-site location.

**Status**

**In Progress**

A formal, written contingency plan has not been developed. The City Clerk indicated this will be discussed at the next Board meeting. The city is storing backup data in a secure off-site location. The utility system is backed up by the utility system software provider and city computers are backed up to "the cloud" (i.e., electronically off-site) daily.