

CITY OF ST. MARY, MISSOURI

SCHEDULE OF FINDINGS

For the Year Ended September 30, 2012

12-1 Inadequate Segregation of Duties

Criteria: The duties of receiving and handling cash and recording transactions should be separated for internal control purposes. The duties of authorizing, handling, and recording payroll should also be separated.

Condition: There is a lack of segregation of duties over handling and recording receipts and payroll.

Context: One employee is responsible for receiving, authorizing, handling, and recording funds received or paid out.

Effect: City funds are exposed to a risk of loss or misuse.

Cause: There are a limited number of employees at the City.

Recommendation: We recommend that the City segregate duties over receipts to the extent possible to enhance internal controls.

View of Responsible
Officials and Corrective
Action Plan:

We understand the recommendation but believe we cannot adequately segregate these duties given the current number of employees available. If additional staff does become available, we will segregate these duties to the extent possible for receipts. For payroll, the City Board of Alderman will begin reviewing payroll and noting their approval on the timesheet or time cards.

12-2 Internal Control Over Financial Reporting:

Criteria:	For interim financial information to be relevant and reliable for decision making by the Board of Aldermen, all transactions need to be recorded correctly in the financial statements.
Condition:	The City's financial statements contained significant misstatements..
Context:	Transfers in of \$21,843 in the General Fund was recorded as Fund Balance and not an other financing source. Transfers out of \$21,843 in the Water Fund was recorded as Fund Balance and not an other financing use. Disposals of \$49,730 were not recorded in the Water Fund.
Effect:	Other financing sources and uses are understated, transfers between funds are not properly recorded in the financial statements, and capital asset balances are not properly recorded in the financial statements.
Cause:	Transactions are not recorded in enough detail in the financial statements.
Recommendation:	Significant adjustments need to be identified and recorded in a timely manner to make the financial statements accurate.
Views of Responsible Officials:	We understand what action needs to be taken in the future. Fund transfers will be recorded as revenues and expenditures. Disposal of capital assets will be recorded in the proper funds.

12-3 Budgeted Expenditures

Criteria: According to 67.080, RSMo, no expenditure of public monies shall be made unless it is authorized in the budget

Condition: Actual expenditures exceeded budgetary limits by \$23,847 in the General Fund.

Context: Total budget was \$115,252 for the General Fund

Effect: The City is in violation of Missouri statutes.

Cause: Not all anticipated expenditures were included in the budget

Recommendation: The City should budget for all expenditures and monitor the budget more closely and amend as necessary

Views of Responsible Officials: The City shall monitor the budget more closely and will amend the budget as soon as additional expenditures occur in order to achieve a balanced budget.