



Thomas A. Schweich  
Missouri State Auditor

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# FOLLOW-UP REPORT ON AUDIT FINDINGS

## Village of Rayville



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May 2012

Report No. 2012-38

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<http://auditor.mo.gov>

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# Village of Rayville

## Follow-Up Report on Audit Findings

### Table of Contents

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|                        |   |
|------------------------|---|
| State Auditor's Letter | 2 |
|------------------------|---|

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#### Status of Findings

|   |   |
|---|---|
| 1. Accounting Controls and Procedures ..... | 3 |
| 2. Meetings, Minutes, and Ordinances .....  | 5 |
| 3. Police Vehicle .....                     | 6 |
| 4. Budgets .....                            | 6 |
| 5. Contracts .....                          | 6 |



# THOMAS A. SCHWEICH

## Missouri State Auditor

To the Chairman and Members of the Board of Trustees  
Village of Rayville, Missouri

We have conducted follow-up work pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program on certain audit report findings contained in Report No. 2011-92, *Village of Rayville*, issued in November 2011. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the village 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 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 indicates that it will not do so.

Our methodology included working with the village, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed supporting documentation provided by village officials and held discussions with the Village Collector concerning steps they had taken to address each recommendation in the audit report. Documents included a copy of the village's financial accounting system (Excel file), bank reconciliations, meeting minutes, the budget, the trash contract, and the official's bond, and a check book register. This report is a summary of the results of this follow-up work, which was substantially completed during March 2012.

The citizens of the Village of Rayville voted to disincorporate the village in April 2012.

A handwritten signature in black ink that reads "Thomas A. Schweich".

Thomas A. Schweich  
State Auditor

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# Village of Rayville

## Follow-Up Report on Prior Audit Findings

### Status of Findings

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1. Accounting Controls and Procedures      Accounting controls and procedures utilized by the village needed improvement.

1.1 Fund Accounting      The village did not have an adequate and complete financial accounting system. The following concerns were noted:

- Monthly receipt and disbursement ledgers were prepared from the monthly bank statement rather than actual receipts and disbursements made during the month.
- The village had not established a separate fund or separate accounting for its cleanliness user (trash) fees. In addition, the village did not have documentation to justify the trash fee assessed to ensure the fee was sufficient to cover the costs of the trash operations, but was not excessive.
- The village had not established a separate fund or separate accounting for motor vehicle-related monies received from the state, and did not monitor the use of these funds to ensure compliance with state law.

**Recommendation**      The Board of Trustees ensure a complete financial accounting system is established. Funds should be established for the village's cleanliness user fees and motor vehicle receipts. Summaries should be prepared documenting monthly receipts sources and disbursements types. In addition, the Board of Trustees should document how village cleanliness user fees were determined and ensure the fees are sufficient to cover costs without being excessive.

**Status**      **In Progress**

The village is maintaining a complete financial accounting system in an Excel file. Separate funds have been established for the cleanliness user fees and motor vehicle receipts, and summaries of monthly receipt and disbursements are maintained for the different funds. However, the village has not established cash balances for all funds so the cash balance is reported as total village funds versus an amount per each individual fund. Since separate funds were not previously maintained, the village does not know the cash balance for each individual fund. The village cleanliness user fees have not been revised so documentation is not available to support how the fees were determined and to ensure the fees were sufficient to cover costs without being excessive.

1.2 Bank Reconciliations      Monthly bank reconciliations were not adequate. The village did not maintain a running cash balance, so the village did not know the applicable balance to reconcile to when preparing the reconciliation.



Village of Rayville  
Follow-up Report on Prior Audit Findings  
Status of Findings

**Recommendation** The Board of Trustees ensure complete bank reconciliations are performed, and account balances are maintained in the check book register.

**Status** **Implemented**  
  
A bank reconciliation was performed for February 29, 2012. This bank reconciliation was reviewed and the bank reconciliation balance was agreed to the balance maintained in the check book register.

**1.3 Segregation of Duties** The duties of the Village Collector were not adequately segregated, and the Board of Trustees did not provide adequate supervision or review of the work performed by the Village Collector.

**Recommendation** The Board of Trustees segregate accounting duties to the extent possible. If proper segregation of duties cannot be achieved, an independent review of the work performed is necessary.

**Status** **Partially implemented**  
  
Duties have not been segregated and one person is still primarily responsible for all accounting duties. The Village Collector indicated that while financial records and bank reconciliations are available for the Board to review, the information may or may not be reviewed, and if reviewed, the review is not documented.

**1.4 Disbursements** Disbursements were not always approved by the Board before payment was made. Board meetings were not held during October, November, or December 2010. During this period, some checks were signed by the Collector or the Village Clerk, and approved by only one board member.

**Recommendation** The Board of Trustees review and approve all disbursements, and ensure the review and approval is documented.

**Status** **Implemented**  
  
A list of disbursements is presented to the Board for approval, and the approval of bills to be paid is documented in the minutes.

**1.5 Bonds** Village officials were not bonded.

**Recommendation** The Board of Trustees obtain bond coverage for all officials with access to village assets.

**Status** **Implemented**  
  
A bond was obtained for all officials with access to village assets.



Village of Rayville  
Follow-up Report on Prior Audit Findings  
Status of Findings

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|--------------------------------------|---|
| 2. Meetings, Minutes, and Ordinances | Procedures for conducting and documenting meetings need improvement, village ordinances were not up to date, and an issue of nepotism occurred.   |
| 2.1 Minutes                          | Formal minutes were not maintained for the July, August, and September 2010 meetings.   |
| Recommendation                       | The Board of Trustees ensure meeting minutes are maintained as required by state law.   |
| Status                               | <b>Implemented</b><br><br>Minutes appear to have been maintained since June 2011.   |
| 2.2 Closed Meetings                  | Three closed meetings were held without a vote to close the meeting. Additionally, minutes maintained for the closed meetings indicated topics discussed did not appear to be allowable by state law.   |
| Recommendation                       | The Board of Trustees ensure the vote to close a session is documented in open minutes, along with the reason for closing the session. In addition, the Board of Trustees should ensure only allowable subjects are discussed in closed sessions. |
| Status                               | <b>In Progress</b><br><br>The village has not had any closed meetings since the audit report was issued.  |
| 2.3 Ordinances                       | Ordinances of the village were not complete, well organized, and up to date.  |
| Recommendation                       | The Board of Trustees ensure ordinances are maintained in a complete, and up to date manner.  |
| Status                               | <b>Partially implemented</b><br><br>All new ordinances are maintained in a complete and up to date manner. However, older ordinances have not been reviewed and updated.  |
| 2.4 Nepotism                         | According to Board minutes, in April 2011, Trustee Campbell voted to appoint his wife as the Village Clerk. Although the Village Clerk was an unpaid position, the appointment was nepotism.  |
| Recommendation                       | The Board of Trustees ensure Board trustees abstain from voting when a relative's appointment is involved, and consult legal counsel regarding the nepotism issue.  |



Village of Rayville  
Follow-up Report on Prior Audit Findings  
Status of Findings

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Status

**Partially implemented**

The village has not hired anyone since the audit report was issued. The village did consult with legal counsel regarding the nepotism issue, and legal counsel indicated it was not required for Trustee Campbell to resign.

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3. Police Vehicle

The village did not have a plan for the use of a police vehicle.

Recommendation

The Board of Trustees should make a decision regarding the police vehicle.

Status

**Not implemented**

The village still has the police vehicle, and it was indicated a decision on the police vehicle would be made pending the result of the vote regarding disincorporation.

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4. Budgets

While budgets were prepared, they did not contain all elements required by state law, and the adoption of budgets was not documented.

Recommendation

The Board of Trustees prepare annual budgets which contain all information required by state law, and approve and document its approval of budgets prior to the beginning of the fiscal year.

Status

**Partially Implemented**

While improvements were made to the budgets, the budgets still did not contain all information required by state law. The 2012 budget was approved in January 2012, since the village did not have a Board meeting in December 2011.

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5. Contracts

The village did not have current formal written agreements with the company providing trash collection services and the Richmond Rural Fire Protection Association for fire protection services.

Recommendation

The Board of Trustees obtain formal written agreements that specify the services to be rendered and the manner and amount of compensation to be paid.

Status

**Partially Implemented**

A contract was obtained with the trash collection vendor. While monies have been budgeted for fire protection services, a contract was not obtained with the Richmond Rural Fire Protection Association and the village is exploring various other options.