



**Thomas A. Schweich**  
Missouri State Auditor

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**FOLLOW-UP REPORT ON  
AUDIT FINDINGS**

**Village of Riverview**

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**July 2012**

**Report No. 2012-77**



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# Village of Riverview

## Follow-Up Report on Audit Findings

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# THOMAS A. SCHWEICH

## Missouri State Auditor

To the Honorable Chairperson  
and  
Members of the Board of Trustees  
Village of Riverview, Missouri

We have conducted follow-up work on certain audit report findings contained in Report No. 2011-122, *Village of Riverview*, issued in December 2011, 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 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 discussed the status of significant findings with relevant village officials and discussed any corrective action taken regarding our audit findings. Some of the documentation reviewed included monthly financial reports, the 2012 budget, the expenditure register, fuel invoices, time studies, payroll registers, time sheets, and board meeting minutes. This report is a summary of the results of this follow-up work, which was substantially completed during April 2012.

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

Thomas A. Schweich  
State Auditor

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# Village of Riverview

## Follow-Up Report on Prior Audit Findings

### Status of Findings

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1. Financial Condition, Reports, and Budgets      The financial condition of the General Fund was poor and needed to be addressed. In addition, village monthly financial reports and budgets needed improvement.

1.1 Financial Condition      The financial condition of the General Fund was weak and was not expected to improve during the year ended December 31, 2011. To help improve the financial condition of the General Fund, several transfers from restricted funds were made to the General Fund. Some of these transfers were not adequately supported or proper.

The General Fund bank account was charged 12 times with overdraft fees. The Village Clerk transferred monies from the Capital Improvements Fund to the General Fund to cover cash flow shortages. The Village Clerk transferred some monies back to the Capital Improvements Fund when the monies were no longer needed; however, the General Fund owed the Capital Improvements Fund \$70,000 as of December 31, 2010.

Recommendation      The Board of Trustees closely monitor the financial condition of the village and take the necessary steps to improve the financial condition of village funds. The Board should also perform long-term planning and ensure receipts are maximized, expenditures are closely monitored, and overdraft fees are eliminated.

Status      **In Progress**

Village officials are closely monitoring the financial condition of the village. The Board has approved a \$1 million General Fund expenditure budget and is reviewing monthly financial statements to ensure actual expenditures stay within the budget. Village officials indicated they are also working on building an adequate reserve fund balance by staying within budget and making spending adjustments when revenues are less than anticipated. In addition, the village has not been charged any overdraft fees in 2012.

1.2 Treasurer's Report      The Board of Trustees received and reviewed a detailed monthly financial report, but portions of the reports were not correct.

Recommendation      The Board of Trustees ensure the monthly financial report is accurate and complete.

Status      **Implemented**

The Village Clerk now generates monthly reports from the village accounting system instead of preparing the reports manually. The monthly reports are provided to the Board of Trustees to review. To ensure accuracy, village officials compare the reconciled bank balances to the monthly reports.



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### 1.3 Budgets

Village budgets were not complete and some were misstated.

- The 2010 budget did not contain beginning and ending cash balances. The 2011 budget included actual 2010 beginning and ending cash balances for funds; however, the balances shown did not agree with reconciled bank balances. The actual ending 2010 balance of the General Fund was understated by \$39,654 and the Capital Improvements Fund was understated by \$285,827 on the budgets.
- The 2011 budget did not contain a budget message.
- On the 2011 budget, some transfers between funds were shown on the budget of only one of the funds. In 2009, the village budgeted to transfer \$12,500 from the Sewer Lateral Fund to the General Fund; however, this was only reflected on the budget for the Sewer Lateral Fund.

#### Recommendation

The Board of Trustees ensure budgets comply with state law and reflect accurate information.

#### Status

##### **Implemented**

The 2012 budget was mathematically correct, listed transfers correctly, included a correct summary of cash, and contained a budget message.

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### 2.1 Bidding

Bids were not obtained for some items costing over \$5,000, in violation of Village Code Section 130.060.

#### Recommendation

The Board of Trustees ensure bids are solicited for all applicable purchases in accordance with village code.

#### Status

##### **In Progress**

The village has not made any additional purchases over \$5,000, as of March 31, 2012. Village officials indicated they plan to advertise for bids on any items greater than \$5,000.

### 2.2 Fuel

The village did not have controls in place to ensure fuel purchases for law enforcement were reasonable. Law enforcement officers purchased gasoline for village-owned vehicles using fuel cards and entered the odometer readings during fueling; however, we noted several readings were entered incorrectly. The Police Chief indicated he reviewed fuel statements for reasonableness prior to submitting them to the Village Clerk for payment; however, his review was not documented. Also, there was no documentation to show the incorrect odometer readings were noted or investigated.



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**Recommendation** The Board of Trustees adopt procedures to reconcile fuel purchased to fuel used and review fuel use for reasonableness.

**Status** **Implemented**

The Police Chief provided two detailed invoices that documented his review of the monthly fuel invoices. The invoices included the gallons purchased for each car, the miles per gallon used by each car, and the cost of fuel per mile. If an odometer reading appears incorrect, the Police Chief will observe the actual odometer reading and add it to the invoice, with a note detailing the discrepancy.

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**3. Restricted Funds** The village had not established adequate procedures to ensure restricted monies were disbursed only for intended purposes.

**3.1 Capital Improvements Fund** Some allocations of expenses and salaries and fringe benefits of public works employees to the Capital Improvements Fund and transfers from that fund were not reasonable, supported by adequate documentation, or approved by the Board of Trustees. At December 31, 2010, the General Fund owed \$70,000 to the Capital Improvements Fund for transfers that were not repaid to the Capital Improvements Fund.

**Recommendation** The Board of Trustees ensure expenditures and salaries allocated to the applicable village funds are supported by adequate documentation, properly approved and comply with state law.

**Status** **Partially implemented**

The village performed a time study in February 2012 of public works employees to determine the amount of time the employees spend on capital improvements, and plans to perform another time study during the summer. Allocations of salaries will be made accordingly after the second study is complete. Time studies will be maintained as backup documentation for the allocation. The village has not transferred the \$70,000 from the General Fund back to the Capital Improvements Fund.

**3.2 Streets Fund** Motor vehicle-related fees and road and bridge taxes were not accounted for separately to show compliance with restrictions established by state law. In addition, the village had not prepared or submitted a "Road and Bridge Tax Disbursement Affidavit" to St. Louis County each year as required by state law.

**Recommendation** The Board of Trustees determine the amount of restricted monies in the General Fund and establish separate funds or a separate accounting of these monies as required by state law. In addition, the Board should file an affidavit of road and bridge expenditures.



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<b>Status</b>	<b>Partially implemented</b>
	The village has started maintaining the motor vehicle-related fees and road and bridge taxes separately as a line item in the General Fund, but did not determine the amount of restricted monies in the General Fund and transfer those funds to that line item. The village did file the required affidavit with St. Louis County.
3.3 Sewer Lateral Fund	The village did not have supporting documentation for administrative transfers made from the Sewer Lateral Fund to the General Fund, which appeared excessive.
Recommendation	The Board of Trustees ensure all transfers between funds are adequately supported and reasonable.
<b>Status</b>	<b>In Progress</b>
	The village is performing a time study of employee hours spent on work performed for the Sewer Lateral Fund. Allocations of employee salaries will be made accordingly after the study is complete.
4.1 Board Approval	There was a lack of segregation of duties for payroll procedures. The Village Clerk received employee timecards or department summaries of timecards every 2 weeks and posted hours worked to the contracted payroll system for processing. There was no independent review of the payroll register or payroll expenditures.
Recommendation	The Board of Trustees review and approve all payroll registers.
<b>Status</b>	<b>Implemented</b>
	The Board now reviews and signs off on the payroll register.
4.2 Time Summaries	Police Department time summaries were not adequately supported by signed time records reporting all hours worked. Instead the employee work schedule was used to prepare the summary.
Recommendation	The Board of Trustees require employees to prepare and submit time records for actual hours worked, which are signed by the employee, approved and signed by the applicable supervisor, and filed with the Village Clerk.
<b>Status</b>	<b>Implemented</b>
	Police Department employees prepare individual time sheets that are signed by the employees and the Police Chief and filed with the Village Clerk. We



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also reviewed time sheets for other village employees that were signed by the employees and the applicable supervisor.

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5.1 Closed Meetings

From January 2010 through April 2011, the village did not document the reasons or the vote regarding meeting closure for 3 of the 12 closed meetings.

Recommendation

The Board of Trustees ensure meeting minutes specifically document the reasons and vote for going into closed session.

Status

**Implemented**

The Village Clerk provided a copy of the February 23, 2012, meeting minutes. The minutes documented the reason and votes for closing the meeting. As of April 30, 2012, this is the only closed meeting held since our audit report was issued.