



RESOLUTION NO. 2022-13

A RESOLUTION ACCEPTING AUDIT FINDINGS AND RESPONSE TO DEFICIENCIES NOTED IN THE AUDIT

WHEREAS, the City of Monroe is required to have annual audits of its finances by the State of Oregon; and

WHEREAS, the City of Monroe completed its annual audit for Fiscal Year 2020-21 in December 2021; and

WHEREAS, the City had a complete turn-over of staff on January 11, 2021, including the City's Finance Officer; and

WHEREAS, based on the audit performed by the City's auditors, several deficiencies were noted and corrected by staff primarily due to the transition of staff and from operations prior to January 11, 2021 and

WHEREAS, the City substantially corrected those deficiencies prior to June 30, 2021, and responded to the auditors of the corrections made; now

BE IT RESOLVED, the Monroe City Council acknowledges the deficiencies noted by the auditors and is satisfied the corrections detailed in ATTACHMENT A have been implemented in current City operations.

Adopted by the City Council this 27th day of June, 2022.

APPROVED:



Dan Sheets, Mayor



Date

ATTEST:



Steve Martinenko, City Recorder

ATTACHMENT A

2021-001: LACK OF SUPPORTING DOCUMENTATION

Situation:

While we were able to satisfy ourselves from an audit perspective, the internal controls over disbursements did not always ensure that expenditures were fully documented and substantiated. Adequate supporting documentation for expenses is critical to support the accuracy and authenticity of the transaction. We recommend that, prior to disbursement of funds, management obtain documentation of expenditures to support the underlying expense. All documentation should be stored in a safe location and filed in an organized manner. These procedures will help ensure that the City can produce accurate documentation for expenditures in a timely manner in the future.

New Practice:

Our new Expense approval procedure, ensures that management will receive a copy of the Invoice, and any other supporting documentation, prior to their authorization of the expense being added to the AP report. This report, is then taken to council with a description of the expense, for approval. All documents related to each disbursement, are then filed with the current fiscal years APs by vendor type. This ensures that document retrieval of invoices after they have been paid, is easily carried out.

2021-002: LACK OF DOCUMENTED REVIEW

Situation:

The employee responsible for signing checks does not document their review of supporting documentation, such as vendor invoices. The internal accounting controls would be significantly strengthened if supporting documentation was signed upon review by someone other than their preparer. This would provide controls and protect the City, as well as ensure that the checks written are in fact for legitimate expenses.

New Practice:

All invoices received by the city, are entered into the city accounting system (Springbrook Xpress) by the accounting specialist. An item report is then attached to each invoice showing the invoice number, amount, and its payment distribution within the City's accounting system. This report, along with the invoice and any other supporting documents, are reviewed by management (City Administrator) prior to be added to the AP report for Council review.

ATTACHMENT A

2021-003: RECONCILIATION OF BANK ACCOUNTS

Situation:

The employees responsible for the preparation of the bank reconciliations and the subsequent review did not perform their duties in a timely manner. The internal accounting controls would be significantly strengthened if bank reconciliations were performed and signed upon review by someone other than their preparer on a timely basis. This would provide controls and protect the City, as well as ensure that all transactions are in fact for legitimate purposes.

New Practice:

Bank reconciliation is performed as soon as statements are available from the financial institution for each bank account. All transactions, daily cash reconciliation, and adjustments are reviewed by the account specialist. Once all bank accounts have been balanced, the treasurer's report is produced. The treasurer's report, all supporting documents, and the bank reconciliation report are all reviewed and signed off by the City Administrator. The treasurer's report is then presented to the Finance committee and Council at the next Council Meeting.