



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____

March 5, 2009

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an agreed upon procedures report on the City of Ralston, Iowa for the period July 1, 2007 through August 31, 2008. The agreed upon procedures were performed at the request of the City Council.

Vaudt recommended the City establish segregation of duties over cash, investments, receipts, disbursements and payroll. Vaudt also recommended the City establish procedures to reconcile utility billings, collections and delinquencies, issue receipts for all collections and require timesheets to be completed. The City's responses are included in the report.

A copy of the report is available for review in the City Clerk's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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CITY OF RALSTON
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES
FOR THE PERIOD
JULY 1, 2007 THROUGH AUGUST 31, 2008

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City of Ralston

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2008)		
Curt Hike	Mayor	Jan 2008
Bunny DeSart	Council Member	Jan 2008
JoAnn Johnston	Council Member	Jan 2008
Marcia Schlicte	Council Member	Jan 2008
Greg Koski	Council Member	Jan 2010
Jo Anne Page	Council Member	(Resigned)
Chad Stevens (Appointed)	Council Member	Jan 2010
Jennifer Walkup	Clerk	Indefinite
David Bruner	Attorney	Indefinite
(After January 2008)		
Curt Hike	Mayor	Jan 2010
Greg Koski	Council Member	Jan 2010
Chad Stevens	Council Member	Dec 2010
Bunny DeSart	Council Member	Dec 2012
JoAnn Johnston	Council Member	Dec 2012
Ron Turner	Council Member	Dec 2012
Jennifer Walkup	Clerk	Resigned Aug 2008
David Bruner	Attorney	Indefinite

City of Ralston



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Independent Accountant's Report on Applying Agreed Upon Procedures

To the Honorable Mayor and
Members of the City Council:

We have performed the following procedures, which were agreed to by the City of Ralston, solely to assist you in evaluating the operations of the City for the period July 1, 2007 through August 31, 2008. The City of Ralston's management is responsible for the operating practices and procedures followed by the City. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed were as follows:

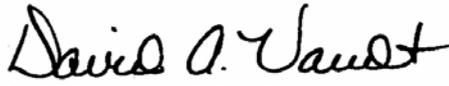
1. We obtained an understanding of the City's internal controls over cash, investments, receipts, disbursements and payroll.
2. We examined utility records to determine if the City was reconciling utility billings, collections and delinquencies.
3. We tested certain disbursements to determine if disbursements were properly approved, recorded and accounted for.
4. We tested certain payroll records to determine if payroll was approved.
5. We examined bank reconciliations to determine if the balances reconciled to the City's accounting records.

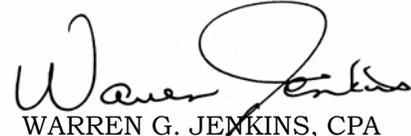
Based on the performance of the procedures described above, we identified various recommendations for the City. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an examination of the operations of the City of Ralston, the objective of which would be the expression of an opinion on the financial statements of the City of Ralston. Accordingly, we do not express such an opinion. Had we performed additional procedures, or had we performed an audit of financial statements of the City of Ralston, other matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Ralston and other parties to whom the City of Ralston may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the assistance extended to us by personnel of the City of Ralston. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 15, 2008

Detailed Recommendations

City of Ralston

Detailed Recommendations

July 1, 2007 through August 31, 2008

(A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. Generally, one individual has control over each of the following areas with no compensating controls:

- (1) Accounting system – performing all general accounting functions and having custody of assets.
- (2) Cash – preparing bank reconciliations, initiating cash receipt and disbursement transactions and handling and recording cash.
- (3) Investments – recordkeeping, investing and safeguarding.
- (4) Receipts – collecting, depositing, journalizing, posting and reconciling.
- (5) Disbursements – check writing, signing, posting and reconciling.
- (6) Payroll – preparation, check approval, signing and maintaining payroll records.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. Evidence of various reviews should be indicated by initials of the independent reviewer and the date of the review.

Response – We have implemented a quarterly review procedure for the areas recommended above. Record will be maintained of the reviews performed.

Conclusion – Response accepted.

(B) Receipts – Prenumbered receipts were not issued for collections.

Recommendation – Prenumbered receipts should be issued at the time of collection to provide additional control over the proper collection and recording of all money received.

Response – We have purchased a receipt book for recording receipts.

Conclusion – Response accepted.

(C) Payroll – Timesheets are not prepared by the City Clerk.

Recommendation – The City Clerk should complete timesheets to document all hours worked.

Response – The City Clerk will now keep track of hours worked and submit monthly.

Conclusion – Response accepted.

City of Ralston

Detailed Recommendations

July 1, 2007 through August 31, 2008

- (D) Reconciliation of Utility Billings, Collections and Delinquencies – An outside vendor prepares and collects the City's utility billings, remits the collections to the City and provides reports to the City of billings, collections and delinquent accounts. A reconciliation of utility billings, collections and delinquencies was not prepared.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquencies each month.

Response – The City Clerk has visited with the outside vendor and reviewed how billings, collections and delinquencies are handled. A report is sent by the outside vendor and shared with the Council each month.

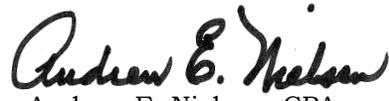
Conclusion – Response accepted.

City of Ralston

Staff

This agreed upon procedures engagement was performed by:

Donna F. Kruger, CPA, Manager
Melissa J. Knoll-Speer, Senior Auditor
Lori M. Dinville, Staff Auditor


Andrew E. Nielsen, CPA
Deputy Auditor of State