



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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FOR RELEASE October 23, 2009

Auditor of State David A. Vaudt today released a reaudit report on the City of St. Charles, Iowa for the period July 1, 2005 through June 30, 2006. The reaudit also covered certain items to determine practices applicable to prior and subsequent periods. The reaudit was performed at the request of two City Council Members pursuant to Chapter 11.6(4)(a)(2) of the Code of Iowa.

Vaudt recommended the City properly include financial transactions of the Fire Department and the Old Settlers Board in the records of the City since these are City departments established by ordinance of the City.

Vaudt also recommended the City review its relationship with Experience Works, a national organization which assists older workers with training to obtain employment. If the City continues the relationship, the agreement between Experience Works and the City should be updated and the contributions required under the agreement should be presented to the City Council annually for approval.

In addition, Vaudt recommended the City update the abstract on land donated to the City for purposes of constructing a fire station.

The City responded favorably to the recommendations included in the reaudit report.

A copy of the reaudit 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/specials/index.html>.

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CITY OF ST. CHARLES
AUDITOR OF STATE'S REPORT ON REAUDIT
FOR THE PERIOD
JULY 1, 2005 THROUGH JUNE 30, 2006

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City of St. Charles

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2006)		
Joan Brown	Mayor	Jan 2008
Mike Gibson	Council Member	(Resigned)
Beth Gray	Council Member	Jan 2006
Brad Sinclair	Council Member	Jan 2006
Lee Gray	Council Member	Jan 2008
Kathy Peterson	Council Member	Jan 2008
(After January 2006)		
Joan Brown	Mayor	Jan 2008
Lee Gray	Council Member	Jan 2008
Kathy Peterson	Council Member	Jan 2008
Bernard Gray	Council Member	Jan 2008
Mike Johnson	Council Member	Jan 2010
Dennis Smith	Council Member	Jan 2010
City Officials		
Denise Sprague	City Clerk/Treasurer	Indefinite
Jerold Oliver	Attorney	Indefinite

City of St. Charles



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Auditor of State's Report on Reaudit

To the Honorable Mayor
and Members of City Council:

We received a request to perform a reaudit of the City of St. Charles (City) from two City Council Members under Chapter 11.6(4)(a)(2) of the Code of Iowa. As a result, we performed a review of the fiscal 2006 audit report and workpapers prepared by the City's certified public accounting firm to determine whether the CPA firm may have addressed any or all of the specific issues identified in the request for reaudit during the audit of the City. Based on this review and our review of the preliminary information available, we determined a partial reaudit was necessary to further investigate specific issues identified in the request for reaudit. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of St. Charles for the period July 1, 2005 through June 30, 2006. We also inquired and performed procedures for certain items applicable to prior and subsequent periods.

In their request, the Council Members identified the following areas of concern:

- "No evidence that the issues discovered in the June, 2006 audit have been corrected other than the passing of an Investment Policy at the November City Council meeting."
- "Review of the receipt of land on Main Street as a donation but we reimbursed the grantor for all costs for the year that he was the owner of the property."
- "Review all City committees and/or boards public monies control. (Fire Department, Library, Old Settlers, Tourism, Park)"
- "Review of contractual arrangements between the City and the Historical Preservation Committee in regards to the Presbyterian Church (Welcome Center) owned by the City."
- "A councilman's inability to request Agenda items."

To address these concerns, the procedures we performed are summarized as follows:

1. We reviewed City minutes to identify and review City Council discussions, agreements or other actions regarding land donated to the City to be used as a site for a new fire station.
2. We reviewed City minutes for compliance with Iowa Code Chapter 21 relating to closed sessions.
3. We reviewed City policies/practices for adding discussion items to the agenda for Council meetings.
4. We reviewed the abstract of title for the land donated to the City and inquired to determine the circumstances regarding the donation.
5. We reviewed financial transactions for fiscal years 2005 and 2006 for payments to the donee of the land.

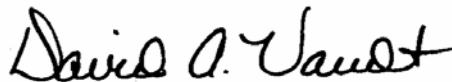
6. We reviewed the status of all entities associated with the City, including the Fire Department, Fire Association, Library, Old Settlers Board, Tourism Department, Parks and Recreation Board and Friends of the St. Charles Library to determine if the organization is a department of the City or a component unit of the City.
7. We reviewed the "Formalization Of An Ongoing Verbal Contract" agreement between the City and the Historical Preservation Committee.
8. We obtained and reviewed the City's budget and related amendments for compliance with Iowa Code Chapters 384.16 and 384.18.
9. We determined whether the City has written policies for nepotism and related parties.
10. We reviewed arrangements with a former City Clerk to perform consulting services for the City.
11. We reviewed year-end balances to determine whether deficit financial positions exist in any City funds.

Based on the performance of the procedures described above, we have various recommendations for the City. Our recommendations and the instances of non-compliance are described in the Detailed Findings of this report. Unless reported in the Detailed Findings, no items of non-compliance were noted during the performance of the specific procedures listed above.

The procedures described above are substantially less in scope than an audit of financial statements made in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion on financial statements. Accordingly, we do not express an opinion. Had we performed additional procedures, or had we performed an audit of the City of St. Charles, additional 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 St. Charles and other parties to whom the City of St. Charles 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 St. Charles. 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

July 27, 2009

Detailed Findings

City of St. Charles

Detailed Findings

July 1, 2005 through June 30, 2006

- (A) Abstract For Donated Land – According to the land abstract, Arlouine C. Hoskins died in 2005 leaving all of her property to her five children. The Will specified the executor is authorized to sell and convert into money any or all of the property, both real and personal, upon such terms and conditions as the executor deems advisable.

On December 19, 2005, a court order was entered into the abstract approving a petition to sell the land in question to Ricky G. Young for the sum of thirty-two thousand five hundred dollars. We obtained a copy of a Court Officer Deed dated January 13, 2006 from the Madison County Recorder and signed by the executor conveying the property to Ricky G. Young for thirty-two thousand five hundred dollars.

We also obtained a copy of a warranty deed, from the Madison County Recorder, dated May 12, 2007, signed by Rick and Holly Young transferring title to the City for \$1 (donation). However, a review of the abstract of title does not reflect the transfer of this land.

We asked the City Clerk to review the accounting system for any payments to Rick Young around this time and there were no payments noted.

Recommendation – The City should have the abstract updated and obtain a legal opinion on the abstract.

Responses –

City – We will work with the County Recorder to get the proper paperwork filed to update the abstract.

Council Member Sindy Brown – City response is OK.

Council Member Lee Gray – I agree with the City response, that as far as the donated land, actions be filed and the updating of the abstract be done. These actions (will) be reported to the County Recorder.

Council Member Ron Kindley – I agree with the City response.

Council Member Mike Johnson – Council agreed to pay the cost related to Rick Young. If there is no City record of this, I would like to know who has it. What happened to the monies that were made on the sale of the pole building on that property?

Council Member Dennis Smith – Abstract for donated (land), will work with the County and show City Council approval for acceptance. Show payment of back taxes paid.

Conclusion – Responses acknowledged. The City was unable to locate any payments made to Rick Young around this time and there were no payments noted.

- (B) Historical Preservation Committee – On October 5, 1998, the City received property identified as the “old Presbyterian Church” from donors, subject to the conditions the City would provide a written plan for development of the property to the donors within two years of the conveyance and substantial progress will have been made on the completion of the development plan within five years of the conveyance.

According to the Mayor, the City at the time would not agree to put any money into the project. As a result, on December 2, 1998, a group of individuals met at a meeting called to order by Mayor Joan Brown and the group formed the St. Charles Historical Preservation Committee. The stated purpose of the Committee was to raise funds for the preservation of the old church and its history.

The Historical Preservation Committee has continued to operate since 1998. The Historical Preservation Committee was not incorporated and, therefore, appears to have been a department of the City.

Recommendation – Account balances and transactions should have been reported as part of the City prior to the incorporation date of March 4, 2009. In addition, since the Committee appeared to continue to be a department of the City, legal counsel should be consulted to determine how the City and the Committee should operate to clearly demonstrate the Committee is legally separate from the City.

Responses –

City – Legal counsel is separating it. The Historical Preservation Committee is responsible for restoration and upkeep and is working with legal counsel.

Council Member Sindy Brown – City response is OK.

Council Member Lee Gray – I agree with the City response, that as far as the Historical Preservation Committee be separated from the City and that the Historical Preservation Committee be responsible for restoration/upkeep of the Welcome Center.

Council Member Ron Kindley – I agree with the City response.

Council Member Mike Johnson – No response.

Council Member Dennis Smith – Legal counsel and a resolution of the City Council showing separation. Contract should be between the City and the Historical Preservation Committee.

Conclusion – Responses acknowledged. The City should consult legal counsel regarding this matter, including a resolution approving a contract for restoration/upkeep of the Welcome Center between the City and the Historical Preservation Committee.

- (C) Welcome Center – The Welcome Center is housed in the old Presbyterian Church and is operated by the Tourism Department of the City. The City provides no funding to the Tourism Department. Within the Welcome Center is a gift shop operated by the Historical Preservation Committee and staffed by members of Experience Works, formerly known as Green Thumb. The gift shop sells crafts and products, such as wine from local vendors. The Historical Preservation Committee receives a mark-up of 20% of the vendor cost of the retail sales. A contract was signed on December 30, 2008 between the St. Charles Tourism Department and the Historical Preservation Committee for the use, operation, maintenance and control of the Welcome Center for a five year period, automatically renewable for an additional period of five years.

According to its web site, Experience Works is a national, charitable, community-based organization which helps older adults obtain the training they need to find good jobs in their communities. The Experience Works staff are supervised by the Mayor. The only documentation of the City's arrangement with Experience Works is a "Host Agency" agreement dated June 3, 1991. The agreement calls for the City to provide enrollees with orientation and day to day direct supervision. The City is also to provide Experience Works with timesheets signed by the enrollee and their supervisor. The Mayor signs the timesheets. Experience Works processes the payroll and pays the participants directly.

According to the Mayor, a requirement of Experience Works is for the City to make a donation to Experience Works. However, the amount of the donation is not designated in the agreement. Also, according to the Mayor, the donation amount varies from year to year. We were unable to ascertain how the amount of the donation is determined each year. The City contributed \$425 and \$1,560 in fiscal years 2008 and 2007, respectively. The City Council has not documented approval of this agreement, nor has the public purpose been documented in the Council minutes.

Recommendation – Pursuant to Article III, Section 31 of the Constitution of the State of Iowa, public funds may only be spent for the public benefit. Several court cases and opinions of the Iowa Attorney General address and provide guidance regarding this public purpose criterion. The City should review and update the agreement with Experience Works, including all terms and conditions. If the City continues this relationship with Experience Works, the City Council should consider and document the public purpose served in the Council minutes, including how the public benefits from this arrangement. The City Council should also annually approve the contribution, including the specific amount to be donated, if any.

Responses –

City – We contacted Experience Works and have received an updated agreement on how and why we can employ the workers. We will do a resolution annually to determine the amount of the donation to be made and their continued employment.

Council Member Sindy Brown – City response is OK.

Council Member Lee Gray – I agree with the City response, that as far as Experience Works goes an agreement will be maintained and updated as needed. Should there be donations and/or renewal of agreements it will be done annually by resolution.

Council Member Ron Kindley – I agree with the City response.

Council Member Mike Johnson – No response.

Council Member Dennis Smith – Update the agreement of the contract with Experience Works and show that we did in Council and document.

Conclusion – Responses accepted.

- (D) Temporary Clerk – Chapter 372.13(4) of the Code of Iowa states, in part, "Except as otherwise provided by state or city law, the council may appoint city officers and employees, and prescribe their powers, duties, compensation, and terms."

Former City Clerk Denise Sprague resigned her position effective August 14, 2006, but agreed to stay on to assist in training and to perform utility billings at a rate of \$25 per hour, more than double her rate of pay while City Clerk. The August 7, 2006 minutes state "Denise has offered to assist in training, doing water bills, etc. until a new clerk is hired. Denise's rate of pay will be \$25/hour plus mileage for time worked after August 14, 2006" While this is noted in the minutes, the minutes do not document a vote of the City Council to approve this arrangement.

Resolution 7E-07 dated July 2, 2007 appointed Sharon James as City Clerk and Denise Sprague as Deputy Clerk, although no rates of pay were noted. Denise Sprague continued in this position as a City employee from the date of her resignation until July 9, 2007.

Recommendation – All arrangements involving pay and pay increases should be approved by the City Council pursuant to Chapter 372.13(4) of the Code of Iowa. Additionally, the Council should consider the propriety of re-hiring an employee at more than twice the rate of pay to perform the same or similar duties.

Responses –

City – The minutes of the August 7, 2006 meeting did fail to include the vote of the City Council. Councilman Gray remembers that he made the motion, it was seconded and approved. Under ideal circumstances a former employee would not have been rehired at twice the normal hourly wage. Denise Sprague resigned when a Council Member publicly accused her of stealing \$50,000. She was under no obligation to stay beyond the resignation effective date of August 14, 2006 or to train her replacement. She did agree to continue working until a new clerk was hired and trained but would not do it at the pay rate she held. It was an unfortunate situation the Council was placed in. Denise Sprague performed her duties responsibly and the accusations against her were totally unfounded. Ideally, the City Council would have retained Denise.

Council Member Sindy Brown – City response is OK.

Council Member Lee Gray – As to the issue of pay/pay increases and re-hiring of a City employee at a higher pay rate. Due to Mrs. Sprague resigning after malicious and unfounded accusations were made against her, the City was without a clerk. Mrs. Sprague did agree to perform City Clerk duty while a replacement was hired and subsequent training of the new City Clerk was done, but only at a higher rate of pay. The City Council voted and the majority agreed to the retaining of Mrs. Sprague at the higher rate of pay.

Council Member Ron Kindley – I agree with the City response.

Council Member Mike Johnson – Questions were asked about monies.

Council Member Dennis Smith – No one accused her of stealing \$50,000. A disagreement of how she moved money and how she spent City funds. The City Council did vote and pass to pay her the money.

Conclusion – Responses acknowledged. Minutes of the City Council should document the results of each vote taken in accordance chapter 21.3 of the Code of Iowa.

(E) Council Minutes – For the period July 1, 2005 through June 30, 2008, we selected minutes for sixteen meetings and noted the following:

None of the minutes were signed to authenticate the record. Chapter 380.7(4) of the Code of Iowa states, in part, the City Clerk shall "Authenticate all measures except motions with the clerk's signature and certification as to time and manner of publication, if any. The clerk's certification is presumptive evidence of the facts stated therein."

One meeting was not preceded by proper notice. Chapter 21.3 of the Code of Iowa states, in part, "Meetings of governmental bodies shall be preceded by public notice as provided in section 21.4 and shall be held in open session unless closed sessions are expressly permitted by law."

Four of four closed session meetings tested did not document the specific reason for the closed session as one of the eleven specified purposes permitted by Chapter 21.5 of the Code of Iowa.

For one meeting, the minutes were not published within 15 days as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – Chapter 21.3 of the Code of Iowa states, in part, "Each governmental body shall keep minutes of all its meetings showing the date, time and place, the members present, and the action taken at each meeting. The minutes shall show the results of each vote taken and information sufficient to indicate the vote of each member present. The vote of each member present shall be made public at the open session. The minutes shall be public records open to public inspection."

The City should be diligent in its efforts to demonstrate compliance with Chapter 21 of the Code of Iowa, also known as the "open meetings law", as well as Chapters 380.7(4) and 372.13(6) of the Code of Iowa.

Responses –

City – The agenda for the January 30, 2006 meeting was filed with the minutes. In the future, the minutes will reflect why the meeting was closed. Three of the four meetings that were closed were job interviews and the applicants asked that the meeting be closed. The other meeting was with the Fire Department and closed by direction of City Council but was not a legal closure. It was opened back up and tapes were available to the public. We are now more aware of what is allowed and what isn't for closed sessions.

Council Member Cindy Brown – City response is OK.

Council Member Lee Gray – I agree the City Council minutes will in the future reflect all subsequent necessary information required by law. I also agree that the closed session laws will be better conformed in the future.

Council Member Ron Kindley – I agree with the City response.

Council Member Mike Johnson – No response.

Council Member Dennis Smith – The City will sign and authenticate all minutes and show all votes and give enough information to be clear in the minutes.

Conclusion – Responses accepted.

- (F) Certified Budgets – Disbursements during the years ended June 30, 2008, June 30, 2007 and June 30, 2006 exceeded certain amounts budgeted by function prior to an approved amendment.

Recommendation – Although the budgets were amended, the budgets should have been amended timely and in sufficient amounts as required by Iowa Code Chapter 384.18 before disbursements were allowed to exceed the budget.

Responses –

City – Every effort will be made to be in compliance with the Iowa Code on budget amendments.

Council Member Cindy Brown – City response is OK.

Council Member Lee Gray – The issue of budget amendments, as to the issue of certified budgets being made to meet Iowa Code. I feel that St. Charles has, as other city's currently do, make best effort to comply with the making of budget amendments in a timely manner. I agree the City will make every effort to do budget amendments to comply with the Iowa Code.

Council Member Ron Kindley – I agree with the City response.

Council Member Mike Johnson – No response.

Council Member Dennis Smith – The City will amend the budget in a timely manner.

Conclusion – Responses accepted.

- (G) Agenda Items – Iowa Code Chapter 21.4 states, in part, "a governmental body shall give notice of the time, date, and place of meeting and its tentative agenda." City resolution 8C-07 dated August 6, 2007, titled "Rules of Procedure", states, in part, "The mayor may place any item on the agenda the mayor feels is important and council members must verbally or in writing request an item to be placed on the agenda and the mayor shall decide if the items is placed on the agenda." According to the "Rules of Procedures" resolution, an exception would be an item will be placed on the agenda if a majority of the Council Members request the addition. This policy seems unreasonably restrictive.

Recommendation – The City Council should review its "Rules of Procedure" policy to ensure it establishes reasonable procedures and proper protocol, specifically regarding agenda items and the authority granted to the Mayor.

Responses –

City – This item will be discussed with the City Attorney as the current rules were drawn up by him.

Council Member Cindy Brown – City response is OK.

Council Member Lee Gray – I agree the current rules drafted by the City Attorney as to agenda items meet the needs of the City. I also feel no changes are warranted at this time.

Council Member Ron Kindley – I agree with the City response.

Council Member Mike Johnson – The City Council, without question should have the right to put items on the agenda.

Council Member Dennis Smith – The City Council shall decide on the agenda items and will have them placed on the agenda in a timely manner.

Conclusion – Responses acknowledged. The City Council and Mayor, with assistance from the City Attorney, should come to agreement on the process for placing items on the agenda.

- (H) Component Units – The Governmental Accounting Standards Board (GASB) has established criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and 1) the ability of the City to impose its will on that organization or 2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

In addition to the Historical Preservation Committee previously addressed in Finding (B), we reviewed several other entities associated with the City. Consistent with the GASB criteria and related state and city statutes, the following entities were determined to be part of the City:

- Fire Department – The Fire Department is established by City ordinance and is a department of the City. The Fire Department maintains a separate checking account.
- Library – The Library is established by City ordinance and is a department of the City. The Library does not maintain a separate checking account.
- Old Settler’s Board – The Old Settler’s Board was established by City ordinance and is a department of the City. The Old Settler’s Board maintains a separate checking account.
- Parks and Recreation Board – The Parks and Recreation Board was established by City ordinance and is a department of the City. Three checks dated between July 1, 2005 and March 14, 2006 totaling \$185 were written to “cash”. The Parks and Recreation Board turned over its separate checking account to the City on June 10, 2008.
- Tourism Department – The Tourism Department was established by City ordinance and is a department of the City. The Tourism Department does not maintain a separate checking account.

Consistent with the GASB criteria and related state and city statutes, the following entities were determined to be component units of the City. Because of the relationship between these entities and the City, it would be misleading to exclude them from the City. While they are legally separate from the City, they are component units of the City for financial reporting (audit) purposes.

- Fire Association – The Fire Association was not legally separate from the City until incorporated on January 26, 2009. Until that time, the Fire Association was, in essence, part of the City. The Fire Association maintains a separate checking account.
- Friends of the St. Charles Library – The Friends Association incorporated on January 27, 2005 and is legally separate from the City.

Recommendation – Chapter 384.20 of the Code of Iowa states, in part, "A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose, by any city officer, employee, or other person, and which show the receipt, use, and disposition of all city property."

For better accountability, financial and budgetary control, the financial activity and balances of all departments of the City, including the Fire Department and the Old Settler’s Board accounts, should be included in the City’s budget and accounting records and reported to the Council on a monthly basis. In addition, checks should not be written to “cash”.

Consistent with GASB reporting requirements, the financial transactions of the City's component units are only included in the City's audited financial statements. The City does not need to include these component units in its budget or monthly and annual financial reports.

Responses –

City – All of the component units will be asked to give an accounting of their funds to the City Council.

Council Member Cindy Brown – City response is OK.

Council Member Lee Gray – I agree potential component units will be asked to give an accounting of the funds to the City Council.

Council Member Ron Kindley – I agree with the City response.

Council Member Mike Johnson – No response.

Council Member Dennis Smith – All of the component units will be asked to give an accounting of their funds and a surety bond will be purchased in order to give the City protection of financial assets and protection of the people handling the money.

Conclusion – Responses acknowledged. The City should ensure all departments (Fire Department and Old Settler’s Board) as well as the City’s component units, provide monthly financial reports to the Council. For better accountability, checks should not be written to “cash”.

- (I) Deficit Fund Balance – Since June 2008, the City has had a deficit balance as high as \$48,886 in the General Fund. The deficit has been caused, in part, by posting disbursements which could have been paid from the Road Use Tax Fund and/or the Sewer Fund to the General Fund.

Recommendation – The City Council should review the disbursements and approve corrective transfers between the Road Use Tax Fund and/or the Sewer Fund to the General Fund, if appropriate.

Responses –

City – The balance discrepancies were street repairs paid from the wrong account, sewer bills, and a fire truck payment paid from the wrong accounts. These items were identified by the Deputy City Clerk and given to the auditor and have since been corrected with the assistance from Data Tech. We will continue to monitor individual fund balances within the City’s checking account and make every effort to avoid negative month-end balances in funds.

Council Member Cindy Brown – City response is OK.

Council Member Lee Gray – I feel the deficit fund balance was a direct result of a previously terminated City Clerk not accurately recording payment of City bills. This problem has been solved and all corrections have been made and recorded.

Council Member Ron Kindley – I agree with the City response.

Council Member Mike Johnson – No response.

Council Member Dennis Smith – Show in full detail to the City Council the accounting fixes and why the mistakes were made.

Conclusion – Responses acknowledged. The City Council should be apprised of all corrections and the reasons for the corrections. Corrective transfers should be approved by the City Council.

- (J) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City did not retain images of the front and back of all checks from April 2006 through December 2008 for the Historical Preservation Committee.

Recommendation – The City should obtain front and back images of all checks as required by Chapter 554D.114 of the Code of Iowa.

Responses –

City – Farmers and Merchants Bank was contacted on July 28, 2009 and they will start providing us with front and back of checks each month at no additional charge.

Council Member Sindy Brown – City response is OK.

Council Member Lee Gray – I feel the issue of electronic check retention has now been solved after contact and subsequent agreement was made with Farmers and Merchants Bank.

Council Member Ron Kindley – I agree with the City response.

Council Member Mike Johnson – No response.

Council Member Dennis Smith – Good deal.

Conclusion – Responses accepted.

- (K) Audit Report – The City's audit report for the year ended June 30, 2006, issued in August 2007, included several findings and recommendations pertaining to internal control and statutory compliance. Some, but not all, unresolved issues from the 2006 audit have been addressed in this reaudit report.

Recommendation – The status of all findings and recommendations from the June 30, 2006 audit report should be reviewed by the City Council. Unresolved findings and recommendations should be addressed and resolved by the City Council. Additionally, the City Council should continue to review the findings from the audit report and this reaudit report to ensure all findings have been satisfactorily resolved, consistent with the recommendations and the City's response to take corrective action.

Responses –

City – The City Clerk will review the audit report of June 30, 2006 to determine those items in which action has not been taken/completed and present it to the City Council. This will be ongoing until it is completed.

Council Member Sindy Brown – City response is OK.

Council Member Lee Gray – I also agree that the audit report will be reviewed and any/all necessary actions will be addressed, as well as all subsequent action taken or not taken will continue to be reviewed until all actions are completed.

Council Member Ron Kindley – I agree with the City response.

Council Member Mike Johnson – I have not seen evidence of any corrections made on the 2006 audit or 1996 audit.

Council Member Dennis Smith – The City will review the audit report and show actions of the audit taken and plan for one in two years. Start a self audit process in five year increments.

Conclusion – Responses acknowledged. While Chapter 11.6 of the Code of Iowa does not require cities with a population under 700 to be audited, the City may arrange for audits.

City of St. Charles

Staff

This reaudit was performed by:

Susan D. Battani, CPA, Director
Ernest H. Ruben, Jr., CPA, Manager
Selina V. Johnson, CPA, Senior Auditor II
Jessica P.V. Green, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a prominent initial 'A' and a dot over the 'i' in Nielsen.

Andrew E. Nielsen, CPA
Deputy Auditor of State