Scott Fitzpatrick
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CITIZENS SUMMARY

Findings in the audit of City of Joplin

Emergency Ordinances	The City Council limited opportunities for public comment and reduced transparency by presenting 80% of ordinances as emergency ordinances. The city Home Rule Charter over legislative proceedings allows almost any ordinance to be an emergency ordinance. During the fiscal year ended October 31, 2023, 130 of the 162 ordinances discussed in City Council meetings were emergency ordinances. When an ordinance is classified as an emergency, the amount of time it takes to pass the bill is reduced and the Home Rule Charter does not require allowance for public comment, limiting the transparency of the action.
Finance Department Controls and Procedures	User activity for users with complete access to the financial and budgeting accounting system is not adequately reviewed. Finance Department personnel do not account for all receipt slip numbers issued by the accounting system or reconcile the credit card payments received in person or online to the deposits on the bank statement. Finance Department personnel do not have adequate procedures to collect outstanding accounts receivable balances. As of October 31, 2023, there were 1,485 customers with outstanding balances due totaling approximately \$2.7 million, of which 710 accounts, totaling \$745,628, were over a year old. Finance Department personnel do not reconcile utility records monthly, including total billings, payments received, and amounts remaining unpaid for utility services.
Budgeting Procedures	The City Council did not include the amount of encumbrances not yet paid at the end of the prior year in the adopted city budget for the fiscal year ended October 31, 2023. In total, approximately \$12,769,000 in planned expenditures from encumbrances were not included in the approved fiscal year 2023 budget and only added in late November 2022. The City Council did not disclose the additional expenditures to the public. The Finance Director did not timely prepare, and the City Council did not timely approve, the final budget amendments for the fiscal year.
Payroll and Allowance Procedures	The city does not have a process to ensure the leave balances of department directors and employees appointed by the City Council are accurate. As exempt employees, they are only required to track leave taken, and not all time worked. The city has no documentation supporting vehicle allowance amounts are reasonable or necessary. The city pays vehicle allowances ranging from \$1,800 to \$6,000 annually to 17 employees for using their personal vehicles to conduct city business. In total, the city paid approximately \$74,000 in vehicle allowances for the fiscal year ended October 31, 2023. Using the federal reimbursement rate of \$0.655 per mile, the employees would have to travel approximately 379 to 826 miles per month or 12 to 27 miles per day to equal the allowance.
Building Department Procedures	Building Department personnel do not report all dangerous buildings to the Building Board of Appeals as required by city code, which could prevent the impartial handling of some building cases and limits the effectiveness of city code intended to ensure the safety of city buildings.

Internal Audit Function	The city lacks an internal audit function. Such a function could have helped identify and/or resolve many of the accounting and procedural control weaknesses, and policy and compliance issues addressed in this report.
Joplin Sports Authority Oversight	The City Council does not perform adequate oversight of the Joplin Sports Authority (JSA). During fiscal year 2023, the city paid the JSA $443,000, or 30% of the actual receipts from the 4% lodging tax, for the purpose of sports marketing for the city. One City Council member and two city staff are on the JSA board. JSA personnel provide the JSA Board and Finance Department monthly financial reports and receive an annual audit; however, neither the City Council, JSA Board, nor Finance Department personnel review any supporting documentation.
City Council Closed Meetings	The City Council does not review and approve closed meeting minutes. Meeting minutes, including closed meeting minutes, signed by the preparer and subsequently approved by the Council are necessary to provide an independent attestation that the minutes are a correct record of matters discussed and actions taken during meetings.
Convention and Visitors Bureau Bidding Procedures	The Convention and Visitors Bureau (CVB) did not bid some purchases as required. There were 56 disbursements from the CVB Fund during the fiscal year ended October 31, 2023. During our review of 8 haphazardly selected test items, we noted 3 for which CVB personnel did not follow city bidding policies. CVB personnel should have obtained informal written quotations from at least 3 vendors for 2 disbursements for $3,748 and $4,569. In addition, personnel should have obtained informal telephone quotations from at least 3 vendors for 1 disbursement for $2,400.
Electronic Communication Policy	The city has not developed a records management and retention policy that includes electronic communication in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.

In the areas audited, the overall performance of this entity was **Fair**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Recommendations in the audit of the City of Joplin

Emergency Ordinances

The City Council should refrain from using emergency ordinances unless necessary.

Finance Department Controls and Procedures

The City Council:

2.1 Restrict user access within the financial and budgeting system and ensure adequate segregation of receipt recording duties from accounts receivable and disbursement duties, or ensure documented supervisory reviews of system entries and changes that lack proper segregation of duties.

2.2 Ensure Finance Department personnel account for the numerical sequence of receipt slip numbers for all money received. In addition, ensure credit card and online payments are reconciled to the credit card and online transaction records and deposits.

2.3 Ensure adequate procedures to monitor and collect accounts receivable balances timely.

2.4 Ensure monthly reconciliations are performed of utility amounts billed to amounts collected and delinquent accounts, and investigate significant differences.

Budgeting Procedures

The City Council:

3.1 Timely adopt complete budgets that reflect realistic estimates for the ensuing year's activities.

3.2 Prepare necessary budget amendments timely to ensure actual expenditures do not exceed budgeted amounts.

Payroll and Allowance Procedures

The City Council:

4.1 Ensure controls are in place to maintain accurate leave records and balances.

4.2 Review the necessity of vehicle allowances and set the allowances to reasonably reflect the actual expenses incurred by the applicable employees.

Building Department Procedures

The City Council ensure Building Department personnel report dangerous buildings to the Building Board of Appeals as required by City Code.

Internal Audit Function

The City Council consider appointing an internal auditor or contracting with an independent audit firm to conduct audits of specific city operations and activities.

Joplin Sports Authority Oversight

The City Council monitor and review Joplin Sports Authority reports to ensure it is spending the lodging tax receipts as intended.

City Council Closed Minutes	The City Council review and approve closed meeting minutes.
Convention and Visitors Bureau Bidding Procedures	The City Council ensure the Convention and Visitors Bureau (CVB) Department follows city bidding policies.
Electronic Communication Policy	The City Council develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.