



STATE OF WYOMING

DEPARTMENT OF AUDIT

PUBLIC FUNDS DIVISION
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June 30, 2021

Town Council
c/o Mayor Chapman
Town of Midwest
531 Peake St.
Midwest, WY 82643

Dear Mayor Chapman:

We are issuing this follow-up report pursuant to the requirements of Wyoming Statute 9-1-507. This statute authorizes the Department of Audit to audit towns. In 2018, we conducted an audit of the Town of Midwest (Town), specifically, the financial information reported in the Survey of Local Government Finances (Census). The Census provides financial information to the Department of Audit each fiscal year in accordance with Wyoming Statute 9-1-507 (a) (vii).

Objective: The purpose of our follow-up review was to determine the Town's progress in correcting the deficiencies identified in the audit report dated June 7, 2018.

Scope and Methodology: The scope of the follow-up is succeeding the scope of the audit which was conducted for July 1, 2016 through June 30, 2017 fiscal year. We sent the follow-up letter to the Town requesting specific items of information and to answer questions regarding the audit findings.

Audit staff then reviewed the information and answers from the specified questions to determine if there was sufficient evidence the Town is implementing and correcting findings from the prior audit.

This report is intended solely for the use of the specified users listed; however, this report is a matter of public record and its distribution is not limited.

Public Funds

Public Funds

cc: Governor's Office
County Clerk
Legislative Service Office:
c/o: Corporations, Elections, and Political Subdivisions Committee
c/o: Management Audit Committee



Follow-up Analysis of Town Response to Audit

It appears the Town had made progress towards correcting the findings from the audit. However, several findings would still be findings today.

Listed below are summary descriptions of original audit findings and the Town's responses or actions:

Finding 1

The Town did not have written policies and procedures for the following:

- Investments
- Petty cash
- Mileage reimbursement
- Credit card
- Disaster recovery
- Bonding of Town officials.

Follow-up conclusion: Through review of the policies and the meeting minutes, we determined the Town made progress in addressing the finding. We can see there are approved policies and procedures for investments, petty cash, mileage reimbursements, and credit cards.

Although the Town did not create a written policy and procedure regarding bonding, it did provide copies of the bonds for the signatories. We reviewed the bonds and compared them to the in-house list of signatories and all signatories appeared to be bonded.

No written disaster recovery policy and procedure was provided.

Finding 2

The Town did not have adequate segregation of duties or oversight. The Clerk/Treasurer (c/t) was responsible for all of the fiscal duties except approval of vouchers. Additionally, while the council was provided monthly reports, it was not reviewing unopened bank statements or conducting procedures to ensure the accuracy of the numbers reported in those reports.

Follow-up conclusion: Through interview, it appeared the Town attempted to address the finding. However, there were still weaknesses.

As described, a council member would open a bank statement and review for inconsistencies. After review, they initial the statements as proof of review. For expenditures, the Mayor and a council member would sign checks after the c/t makes them out. For deposits, someone besides the c/t would make the weekly deposits as the c/t is the one who receives payments.

The aforementioned process did provide a certain level of internal control; however, weaknesses still existed. There did not appear to be separation or oversight related to receiving payments and recording those revenues in the books. Although someone besides the c/t was taking deposits to the bank, there was no review prior to ensure the deposit was accurate and complete. Additionally, there did not appear to be a reconciliation after the deposit was made

to ensure everything was deposited into the correct accounts and at the correct amount. Finally, the process did not appear to have a review of accounting entries to help ensure accuracy.

Finding 3

There were employees who did not have a W-4 or I-9, and some who did in which the documents were not completed.

Follow-up conclusion: Through interview and observation of a W-4 and I-9, it appears the Town adequately addressed the finding. It indicated all employees now have complete W-4's and I-9's.

Finding 4

There was no evidence provided to show reserves were approved by the council in the meeting minutes.

Follow-up conclusion: Through interview, it appears the Town did not address the finding.

Finding 5

Applications from the Town's depositories were not provided.

Follow-up conclusion: In observing the depository applications, it appears the Town addressed the finding.

Finding 6

There did not appear to be a bidding process in place.

Follow-up conclusion: To determine the progress made in addressing this finding, auditors requested copies of all bids and meeting minutes since the audit period. In observing the documentation sent to auditors in regards to this finding, it appears the Town addressed the finding.

Finding 7

It appears the utilities as reported by the Town were not self-supporting as required by W.S. 15-7-407.

Follow-up conclusion: Through interview and observation of the meeting minutes where the ordinance passed, it appears the Town addressed the finding. The Town passed an ordinance requiring dormant tap fees for water and sewer hookups. They believe the additional revenue will cover the total costs of the two systems, respectively.

Finding 8

The Town overstated revenues on the Census report. It was recording revenues that were not related to a service it provided, but billed Town residents for. The Town should only report the portion it is keeping as a fee for billing and collecting amounts on behalf of the JPB.

Follow-up conclusion: Through interview, and review of invoices and meeting minutes, it appears the Town addressed the finding. The JPB bills the Town for the usage rather than using the Town as an agent to collect.

Finding 9

The monthly invoice from the Salt Creek JPB to the Town for utilities did not contain sufficient detail to support the invoice amount.

Follow-up conclusion: It appeared the Town addressed the finding. It provided copies of the sanitation invoices from the JPB and the related meeting minutes which showed the approval for payment. The invoices were detailed enough to determine cost and quantity of dumpsters and garbage cans.