



To: Village Council
From: Sonja Stout, Clerk/Treasurer
Date: March 12, 2025
Subject: Audit Feedback Report

Dear Council Members,

Following the recent audit, several concerns were identified, categorized as either Material Weaknesses or Significant Deficiencies. Below is a summary of these findings along with the corrective actions being implemented to address each issue.

Material Weaknesses

1. Water and Sewer Records

Concern:

Water and sewer rates remained unchanged despite council approvals, and the lack of verification led to account overstatements, requiring corrections.

Solution:

- Previously, a part-time employee managed rate changes without oversight, leading to errors.
- Moving forward, one employee will implement council-approved rate changes, while a second employee will verify the updates to ensure accuracy.
- This dual-verification process will help prevent errors and establish proper checks and balances.

2. Capital Assets

Concern:

The asset listing did not accurately reflect depreciation, additions, or disposals due to outdated record-keeping.

Solution:

- Previously, assets were tracked using a manually updated spreadsheet, leading to missing or incorrect data.
- The **BSA Cloud system is now being fully utilized to track assets, integrating with Accounts Payable and Purchase Orders to ensure real-time updates.**
- Multiple employees now have access to this module, ensuring continuous oversight and accuracy.

Significant Deficiencies

3. Journal Entry Review

Concern:

Lack of evidence for review in the manual journal entry process, leading to inadequate internal controls.

Solution:

- Previously, journal entries were made without a proper segregation of duties.
- The BSA Cloud workflow has been updated to require two individuals for each journal entry—one to create and another to post the transaction.
- This ensures proper oversight and accountability.

4. Downtown Development Authority (DDA) Accounts

Concern:

An undisclosed bank account existed outside the DDA's official accounting records.

Solution:

- The issue was identified when the DDA Executive Director proposed adding a new signer to an unknown account.
- The account has since been reviewed, and discussions are underway to close it due to high fees and low deposits.
- Moving forward, Stripe payments are now used to automatically deposit funds directly into the DDA's recorded accounts, ensuring proper financial oversight.

5. Purchase Orders

Concern:

Purchase orders were processed by a single individual without proper department head approval or oversight.

Solution:

- Due to previous staffing shortages, Administration processed most purchase orders without department head sign-off.
- Now, department heads must submit purchase orders within their approval limits.
- For orders exceeding approval thresholds, Finance or the Village Manager must authorize the request.
- The Finance Department inputs approved purchase orders into the system, ensuring a paper trail with initials for verification.

Conclusion

The corrective measures outlined above are being actively implemented to strengthen financial oversight and compliance. These changes will help mitigate risks, improve accountability, and align financial processes with best practices.

If you have any questions or require further clarification, please let me know.

Respectfully submitted,

Sonja Stout

Clerk/Treasurer