

**CITY OF WOODWARD, IOWA
INDEPENDENT ACCOUNTANT'S
EXAMINATION REPORT
FOR THE PERIOD
JULY 1, 2012 THROUGH JUNE 30, 2013**

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Officials

Name	Title	Term Expires
Elected Officials		
Brian Devick	Mayor	December 30, 2015
Paul Thompson	Mayor Pro-Tem/Council Member	December 30, 2013
David Luke	Council Member	December 30, 2015
Craig DeHoet	Council Member, Personnel	December 30, 2013
Richard Hartwig	Council Member	December 30, 2013
Jesse Purvis	Council Member	December 30, 2015
Appointed Officials		
Christina Perkins	City Clerk, Chief Financial Officer	Indefinite

Independent Accountant's Examination Report

To the Honorable Mayor and
Members of the City Council
City of Woodward, Iowa

We have performed an examination of the City of Woodward pursuant to Chapter 11.6 of the Code of Iowa. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Woodward for the period July 1, 2012 through June 30, 2013. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The procedures we performed are summarized as follows:

1. We reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. We reviewed City funds for consistency with the City Finance Committee's (CFC) recommended uniform chart of accounts and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. We reviewed the City's fiscal year 2013 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. We reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.

8. We reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
9. We reviewed and tested selected receipts for accurate accounting and consistency with the CFC recommended chart of accounts.
10. We reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the CFC recommended chart of accounts and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
11. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.
12. We reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
13. We reviewed the annual certified budget for proper authorization, certification and timely amendment.

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 noncompliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an audit of the operations of the City of Woodward, the objective of which is the expression of opinions on financial statements. Accordingly, we do not express opinions on the City's financial statements. Had we performed additional procedures, or had we performed an audit of the City of Woodward, 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 Woodward and other parties to whom the City of Woodward may report. This report is not intended to be and should not be used by anyone other than these specified parties.

HOGAN - HANSEN

HOGAN - HANSEN

Algona, Iowa
October 10, 2013

Detailed Recommendations

Detailed Recommendations

For the Period July 1, 2012 through June 30, 2013

- (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. We noted that incompatible duties are being performed by the same person.

Recommendation - We realize that segregation of duties is difficult with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

- (B) **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 receive an image of the back of each cancelled check for several bank accounts until November, 2012.

Recommendation - The City should obtain and retain images of both the front and back of cancelled checks as required by Chapter 554D.114 of the Code of Iowa.

- (C) **City Council Minutes** - Chapter 21.3 of the Code of Iowa requires the minutes to contain information sufficient to indicate the vote of each member present. There were several instances where the minutes indicated that a motion carried, but the vote of each individual member, or that the motion carried unanimously, was not indicated.

Recommendation - The Clerk should include the vote of each individual member, or at a minimum, the motion passed unanimously.

- (D) **Local Option Sales Tax** - The City receives local option sales tax revenue through a 28E agreement from the local community school district. The City has no documentation as to how those funds were required to be spent.

Recommendation - The City should consult with its attorney to receive guidance on how the funds should be spent.