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## FISCAL UPDATE Article

Fiscal Services Division

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### AUDIT REPORT — CITY OF JOHNSTON

**Report of Special Investigation.** The Auditor of State released a report on January 22, 2018, regarding a special investigation of the City of Johnston for the period of July 1, 2015, through July 31, 2017. The investigation was requested by City officials due to concerns about certain deposits processed by a former accounting clerk, Teresa Osburne. Ms. Osburne was placed on administrative leave and then terminated from her position on July 19, 2017.

**Findings.** The investigation identified \$13,570 in undeposited collections and \$39 in improper disbursements. Cash collections recorded in the City's accounting system exceeded cash collections deposited to the City's bank account for the library, the farmer's market, and the Parks Department. The improper disbursements were for purchases of personal items from Amazon or purchases that were not appropriate for City operations using the City's commercial account.

**Recommendations.** The report includes the following recommendations:

- Segregation of Duties – Internal control procedures should be reviewed for maximum control possible with available staff, including elected officials. The Finance Director, City Clerk, or another designated individual should perform an independent review of records and bank statements, perform reconciliations, and examine supporting documentation on a periodic basis.
- Username – Procedures should be implemented to ensure usernames and passwords are kept confidential and not shared between staff members. City personnel should not allow other staff members to log in using their identification.
- Disbursements – All disbursements should be approved by the City Council and documented in the Council meeting minutes. Supporting documentation should be retained for all disbursements.
- Petty Cash – The City should ensure the petty cash fund is used for its intended purpose and disbursements are supported with adequate documentation. City Hall personnel should record all petty cash activity in a manual log that should be reconciled periodically by an independent person.
- Department Collections – The City should ensure each department performs an independent reconciliation to ensure collections are brought to City Hall timely and intact.

**Full Report.** The full [audit report](#) is available on the Auditor's website.

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