



Thomas A. Schweich
Missouri State Auditor

Monarch Fire Protection District



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Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Monarch Fire Protection District

Retirement Incentive

It is the position of the State Auditor's office that some retirement incentives paid to employees as part of an early retirement package are a violation of the Missouri Constitution. In addition, as part of the retirement package, the district paid additional excessive health, vacation, and sick leave benefits. In an effort to reduce salaries and overtime expenses, due to the large amount of vacation earned and taken by senior employees, the Board approved a retirement incentive package, limited to the first seven employees to sign up. The Board gave additional compensation for years of service (\$2,000 per year of service for the first employee and \$1,500 per year of service for the next six employees), but the Missouri Constitution forbids granting any extra compensation to public employees for services already rendered. The additional health benefits of the incentive package could cost the district an extra \$280,000 over the next 5 years. Because the incentive package allows the seven employees to remain on the district payroll while using accumulated leave time, they continue to receive district benefits even though they have effectively retired.

Expenditures

The district has not obtained proposals or written contracts for some legal services, making it difficult to ensure it is getting the best value and allowing the pension attorney to overcharge the district by approximately \$4,300. The district spent over \$212,000 on legal services during 2010.

The district spent approximately \$26,000 for a service awards banquet in September 2011, which may not have been an appropriate use of district funds.

The district needs to improve its expenditure review and approval procedures. The district made a duplicate payment of \$2,130 to the pension attorney and paid the wrong vendor \$1,200 for cleaning supplies. In addition, the district's lobbyist is not required to submit written reports summarizing the lobbying efforts, and neither the lobbyist nor the pension attorney regularly provide invoices with sufficient detail of the hours worked or services provided.

Meeting Minutes and Public Records

The district did not document the reasons or the votes regarding meeting closure for 40 meetings between January 2010 and September 2011, as required by state law. On some occasions, the Board went directly into closed session without starting in open session, and on others there was no indication in the open meeting minutes that a closed meeting was held.

The closed meeting minutes did not sufficiently demonstrate issues discussed were allowable under the Sunshine Law. Some of the questionable topics include: how to respond to inquiries regarding the state audit, advertisement of the fire chief position, discussion of hiring a search firm for the fire chief position, the hiring process for firefighters, and an ethics resolution.

The district does not maintain a log of public Sunshine requests, making it difficult to document compliance with the Sunshine Law.

Salary Survey	The district did not include 18 senior and administrative positions in the 2008 salary survey of firefighters and emergency medical technicians, and it is unclear whether the salaries of these positions are in line with similar districts.
Bank Reconciliations	The Controller did not always perform bank reconciliations promptly and did not adequately investigate and resolve differences discovered. A \$266,000 discrepancy was identified but not investigated until audit staff made inquiries. Although most of the discrepancy was attributed to a system conversion, a \$2,200 variance remained unexplained.
District Procedures	The district needs to improve procedures and records for district property to protect assets from theft or misuse. The district does not regularly conduct an annual physical inventory of property and does not require written Board authorization for asset disposal. In addition, the district lacks effective monitoring procedures for fuel and vehicle use.

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

American Recovery and Reinvestment Act 2009 (Federal Stimulus)	The Monarch Fire Protection District did not receive any federal stimulus monies during the audited time period.
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*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.

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THOMAS A. SCHWEICH

Missouri State Auditor

To the Honorable Jeremiah W. (Jay) Nixon, Governor
and
Board of Directors
Monarch Fire Protection District
St. Louis, Missouri

The State Auditor was requested by the Governor, under Section 26.060, RSMo, to audit the Monarch Fire Protection District. We have audited certain operations of the district in fulfillment of our duties. The district engaged Botz, Deal and Company, P.C., Certified Public Accountants (CPAs), to audit the district's financial statements for the year ended December 31, 2010. To minimize duplication of effort, we reviewed the CPA firm's report. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2010. The objectives of our audit were to:

1. Evaluate the district's internal controls over significant management and financial functions.
2. Evaluate the district's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the district's management and was not subjected to the procedures applied in our audit of the district.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Monarch Fire Protection District.

A handwritten signature in black ink that reads "Thomas A. Schweich". The signature is written in a cursive style with a large, sweeping initial 'T'.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CGFM, CIA
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Monarch Fire Protection District

Management Advisory Report

State Auditor's Findings

1. Retirement Incentive

The State Auditor's office (SAO) has concerns regarding the retirement incentive package approved by the Board. The incentive package provided for additional compensation to employees totaling \$231,000 during the 2 years ended December 31, 2011 and 2010. It is the position of the SAO that this is in violation of the Missouri Constitution. In addition, the district paid excessive additional health, vacation, and sick leave benefits to these employees.

District personnel indicated the retirement incentive was an effort to reduce salary and overtime expenses (due to the large amount of vacation earned and taken by the senior employees). The incentive package provided that the first employee to sign up would receive \$2,000 for each year of service and the next six employees to sign up would receive \$1,500 for each year of service. The package was limited to the first seven employees who signed up, with priority given to those with seniority, if multiple people signed up for the package on the same day.

The retirement incentive package also created additional health insurance benefits for these seven employees. Normally, a retiree of the district uses funds from their Voluntary Employee Beneficiary Association (VEBA) account to assist in paying health insurance. For the seven employees in the incentive package, the district will pay up to \$2,000 per quarter for their health insurance for a maximum of 5 years or until they become Medicare eligible. If the employee's health insurance cost is less than \$2,000 per quarter, the district only reimburses actual costs. This additional benefit has the potential of costing the district \$280,000 over 5 years.

The district's regular policy requires employees to use vacation leave before they retire and sick leave is paid based on a percentage of the employee's normal pay rate dependent on when the sick leave was earned. Under the retirement incentive, all seven employees will be paid their vacation and sick leave in full. The employees continue to receive normal paychecks until they use their accumulated leave time, and since the employees are still on the district payroll, they also continue to receive district benefits such as health insurance. Our analysis of one employee participating in the retirement incentive indicated he was paid approximately \$34,000 for his leave time. Under normal retirement, he would have been paid approximately \$20,000 for this same leave time.

Article III, Section 39, Missouri Constitution, prohibits the granting of any extra compensation, fee, or allowance to employees for services already rendered. Retiree medical benefit, vacation, and sick leave payments are allowable; however, the additional benefits offered to these employees appear excessive and a questionable use of taxpayer monies. In addition, it is not clear all district employees had a fair opportunity to participate in the program since it was limited to the first seven to sign up.



Monarch Fire Protection District
Management Advisory Report - State Auditor's Findings

Recommendation

The Monarch Fire Protection Board ensure all retiree benefit expenditures are necessary and beneficial to district residents and comply with the constitution.

Auditee's Response

The Board of Directors provided the following written response:

The District issued the retirement incentive package in coordination with the Districts Labor Law Attorney to reduce long term labor cost. The program was approved by the Board of Directors based upon advice of counsel.

2. Expenditures

The district has not obtained proposals or contracts for some legal services. The district held an awards banquet which was an unnecessary use of district funds. Finally, improvements are needed in the review of expenditures.

2.1 Legal services

The district has not obtained proposals or written contracts for some legal services. The district hires various law firms based on the type of specialized services needed. The Board recently obtained proposals for general counsel; however, the district has not solicited proposals for pension or personnel legal services and has used the same individuals for several years. During the year ended December 31, 2010, the district paid its general counsel approximately \$70,000, pension attorney approximately \$12,000, personnel/litigation attorney approximately \$112,000, and an attorney hired to conduct a special investigation approximately \$16,000 (total legal \$212,000).

In addition, there are no written agreements with the general counsel or the pension attorney specifying the terms of service and related compensation. District personnel indicated the general counsel's fee of \$75 per hour has not changed since he started over 20 year ago. As a result of not having a written agreement documenting the hourly rates of the attorneys, it appears the pension attorney may have overcharged the district by approximately \$4,300. Minutes of a pension board meeting showed discussion on the possible overpayment and district personnel indicated the pension attorney agreed there was a mistake in the billings. Since the district does not have a written fee schedule it is unable to compare attorney invoices to an approved hourly fee.

While legal services may not be subject to standard bidding procedures, the district should solicit proposals for these services to the extent practicable. Soliciting proposals and subjecting such services to a competitive selection process does not preclude the district from selecting the vendor or individual best suited to provide the service required. Such practices help provide a range of possible choices and allow the district to make a better-informed



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decision to ensure necessary services are obtained from the best-qualified vendor at the lowest and best cost.

Section 432.070, RSMo, requires contracts of political subdivisions be in writing. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

2.2 Award banquet

The district spent approximately \$26,000 for a service awards banquet in September 2011, which is a questionable use of district funds. The banquet was held at a local hotel and awards were given out to district employees meeting years of service milestones such as 5, 10, 15, 20, 30, and 35 years. Each of these levels earned a different award consisting of bronze bells, rings, watches, etc. The awards were given out to 63 employees at a total cost of approximately \$16,000. In addition, the district paid approximately \$5,000 for the conference room and dinner, \$2,000 for the guest speaker, \$2,000 for attendance prizes and miscellaneous items, and \$500 for a photographer.

District residents have placed a fiduciary trust in the district to spend district funds in a necessary manner. While an appreciation dinner might be deemed appropriate, such costs should be kept to a minimum. Further, the Board should closely scrutinize award and banquet costs to ensure district funds are spent only on items which are necessary and beneficial to the district.

2.3 Expenditure review procedures

The district needs to improve expenditure review and approval procedures to ensure all expenditures are proper and adequately documented. Our review noted the following concerns with specific district expenditures:

- The district made a duplicate payment of \$2,130 to the pension attorney. According to district officials, the original bill was properly paid; however, the district received a second notice on the same invoice and paid it a second time. The district was not aware of the duplicate payment until we brought it to management's attention.
- The district paid the wrong vendor approximately \$1,200 for cleaning supplies. The cleaning supply invoice was accidentally attached to a purchase order for a district credit card. The district received a second notice from the correct vendor and paid the second invoice. The fire house supply manager noticed the second invoice from the vendor and brought it to the attention of administration. The district has received a credit to its account.
- The district does not ensure adequate documentation is obtained to support some expenditures. As a result, it is uncertain if the district



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received adequate services for the amounts paid to the vendors. For example, the district contracted with a lobbyist who sent invoices to the district on a monthly basis. The contract with the lobbyist did not require specific written reports be submitted to the district, and the invoices did not provide any detail regarding the work performed such as the number of hours worked or a description of the services provided. During the year ended December 31, 2010, the district paid the lobbyist \$12,500. In addition, some pension attorney invoices did not contain a detailed description of hours worked or services provided.

Adequate review and approval of all district expenditures is necessary to ensure expenditures are reasonable and comply with state law, and to prevent overpayments or duplicate payments. All expenditures should be supported by a vendor invoice or other related supporting documentation to ensure the obligation was actually incurred. In addition, to ensure the validity of payments for certain services received, the district should require invoices be sufficiently detailed to include services rendered, including the number of hours worked by day, the work performed, and the hourly rate charged.

Recommendations

The Monarch Fire Protection Board:

- 2.1 Periodically solicit proposals for legal services and maintain all related documentation, including reasons for the district's decisions. In addition, the Board should enter into written agreements for all services.
- 2.2 Ensure all expenditures are necessary and beneficial to district residents.
- 2.3 Improve the payment and approval process to avoid duplicate payments. In addition, the Board should require invoices be sufficiently detailed to show services received.

Auditee's Response

The Board of Directors provided the following written responses:

- 2.1 *The District is reviewing all legal services and is in the process of ensuring that these service providers have contracts on file. The Monarch Fire Protection District is implementing this recommendation.*
- 2.2 *The District is dedicated to being a good steward and will review the dynamics of the awards banquet. The Monarch Fire Protection District will review the years of service awards spending pattern and banquet expense and is dedicated to cutting costs.*



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The District issues awards on a bi-annual basis. Based upon the demographics of the District, the District had the following awards at the following cost.

<i>Years of Service</i>	<i>Number of Awards</i>	<i>Cost Per Award *</i>	<i>Total Cost</i>
<i>5 Years</i>	<i>18</i>	<i>\$100.00</i>	<i>\$1,800.00</i>
<i>10 Years</i>	<i>10</i>	<i>\$100.00</i>	<i>\$1,000.00</i>
<i>15 Years</i>	<i>9</i>	<i>\$200.00</i>	<i>\$1,800.00</i>
<i>20 Years</i>	<i>13</i>	<i>\$300.00</i>	<i>\$3,900.00</i>
<i>30 Years</i>	<i>7</i>	<i>\$850.00</i>	<i>\$5,950.00</i>
<i>35 Years</i>	<i>6</i>	<i>\$650.00</i>	<i>\$3,900.00</i>

**These are normal cost of the awards, the District worked with the vendors to reduce the price, given the volume of awards needing to be ordered.*

The other vendors worked directly with the Monarch Fire Protection District to ensure that we would receive the best value. They provided their services at a reduced cost. The Monarch Fire Protection District received private donations, to off-set the cost of the speaker and several meals which were served. The Monarch Fire Protection District took great strides to ensure that we could provide our men and women with an event that spoke to our great appreciation for their service and remain good financial stewards. Future Awards Banquets will be planned to ensure the appropriate balance between recognition of employees and the districts cost constraints.

- 2.3 *The District is constantly striving to review and improve our policies and procedures. The Missouri State Auditor reviewed the Monarch Fire Protection Districts 2010 policy and procedures as they pertain to the Accounts Payable Department. The Monarch Fire Protection District took measures to correct several issues within the accounts payable department, the duplicate payment issue was addressed early 2011. These changes have included, but are not limited to, staffing change, a 3-way match system and the implementation of approval levels.*

3. Meeting Minutes and Public Records

The district has not properly documented reasons or votes regarding closed meetings. Meeting minutes did not clearly document how some issues discussed in closed session were allowable. Finally, the district does not have a log of public requests for documents.



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3.1 Open minutes

From January 2010, through September 2011, the district did not document the reasons or the votes regarding meeting closure for 40 closed meetings as required by state law. The Board either went directly into closed meetings without first starting in open session and holding a vote to close the meeting or there was no indication in the open meeting minutes that a closed meeting was held. In addition, the minutes of nine open meetings documented a closed meeting, but did not document the specific reasons for closing the meeting. For example, minutes for these open session meetings typically stated the Board would enter closed session to discuss legal, real estate, and personnel; however, while in closed session, the Board only discussed one or two of these topics and not all three as the open meeting minutes indicate. As a result of these issues, the public may not be aware of the discussions and votes held in the closed meetings.

Chapter 610, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting, including reference to a specific section of the law, shall be voted on at an open session. These reasons and the corresponding roll call vote to close the meetings should be documented in the open meeting minutes to demonstrate compliance with statutory provisions.

3.2 Closed minutes

The closed meeting minutes did not sufficiently demonstrate issues discussed were allowable under Chapter 610, RSMo, the Sunshine Law. As a result, there could be confusion regarding Board intentions and the ability to show compliance with legal provisions. Some of the questionable items discussed in closed meetings include how to respond to inquiries regarding the state audit, advertisement of the fire chief position, discussion of hiring a search firm for the fire chief position, the hiring process for firefighters, and an ethics resolution.

The Sunshine Law, Chapter 610, RSMo, lists the topics which may be discussed in closed session.

3.3 Sunshine request log

The district does not maintain a log of public requests. As a result, the district cannot ensure all requests are handled in compliance with the Sunshine Law. A file is kept of sunshine requests, but it was not well organized and did not always document the outcome of requests. As a result, we were unable to verify requests were handled in compliance with the Sunshine Law.

Section 610.023, RSMo, provides each request for access to public records shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received by the custodian of records of a public governmental body. If access to the public record is not granted immediately, the custodian shall give a detailed



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explanation of the cause for further delay and the place and earliest time and date that the record will be available for inspection.

To ensure compliance with state law, the district should document information in a log to determine if requests are completed timely and adequately. Necessary information includes, but is not limited to, the date of request, a brief description of the request, the date the request is completed or reason why the request cannot be completed, and any associated costs of filling the request.

Recommendations

The Monarch Fire Protection Board:

- 3.1 Ensure a roll call vote to close a meeting and reasons for going into closed meetings are documented in open meeting minutes.
- 3.2 Ensure reasons for closing a meeting are documented and only allowable topics are discussed.
- 3.3 Maintain a public request log to help ensure the district is complying with state law.

Auditee's Response

The Board of Directors provided the following written responses:

3.1&

3.2 *The District has made every effort to ensure full compliance with applicable state statute. These recommendations have been implemented.*

3.3 *The District does maintain the request and a copy of the records issued as they pertain to the Sunshine Law. The Monarch Fire Protection District will insert a log sheet in order to adhere to Section 610.023 RSMo. This recommendation has been implemented.*

4. Salary Survey

The district has not performed a salary survey for some district positions. As a result, it is unclear if salaries of higher level district employees are in line with the same positions in similar districts. The district performed a salary survey covering firefighters and emergency medical technicians as part of union negotiations in early 2008, but there are 18 senior and administrative positions which were not included in the survey, including the positions of Fire Chief, Fire Marshall, and Controller. District personnel could not demonstrate that the salaries of these employees were comparable to other fire districts. For the year ended December 31, 2010, the district paid approximately \$10.7 million in payroll.



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A salary survey should be conducted of other districts which are similar in size and organization. The results would reflect the salaries paid in the region and allow the district to make a more informed decision regarding salary levels of employees.

Recommendation

The Monarch Fire Protection Board require a salary survey of districts similar in size be conducted and additional analysis of salaries be performed.

Auditee's Response

The Board of Directors provided the following written response:

The District has worked diligently to ensure the employees are compensated accordingly and part of that effort includes a salary survey. We will broaden the scope of the salary survey and include all employees as we assess our future needs. This recommendation will be implemented.

5. Bank Reconciliations

The Controller did not adequately investigate and resolve unidentified differences noted on bank reconciliations. In addition, some bank reconciliations were not performed in a timely manner. As a result, the district cannot ensure all transactions are properly recorded and errors are identified in a timely manner.

- At January 31, 2011, the reconciled bank balance for the General Account exceeded the book balance by approximately \$266,000. After our inquiries in July 2011, 6 months after the differences were initially noted, the Controller was able to determine mistakes were made during the conversion to a new accounting system in January 2011. The Controller mistakenly entered some of the December 2010 outstanding checks as new checks in the new system. This had the effect of lowering the book balance of the account. This error accounted for most of the difference noted; however, there was still a variance of approximately \$2,200 which could not be explained.
- At April 30, 2011, the payroll outstanding check list was approximately \$750 greater than the amount posted to the General Account bank reconciliation. The Controller did not have an explanation for the difference.
- At May 31, 2011, the reconciled book balance for the Ambulance Account exceeded the bank balance by approximately \$300. The Controller did not have an explanation for the difference.
- As of August 2011, the most recently completed bank reconciliation for the General Account was April 2011, and the Dispatch and Ambulance Accounts had not been reconciled since May 2011.



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Management Advisory Report - State Auditor's Findings

Timely monthly bank reconciliations are necessary to ensure all accounting records balance, transactions are properly recorded, and errors or discrepancies are detected and corrected on a timely basis. Complete documentation of the reconciliations should be maintained to support corrections, and to facilitate independent reviews. Follow up on discrepancies noted by the bank reconciliations should be investigated on a timely basis.

Recommendation

The Monarch Fire Protection Board ensure monthly bank reconciliations are performed timely and any differences are investigated.

Auditee's Response

The Board of Directors provided the following written response:

This recommendation has been implemented and the multiple bank accounts are being reconciled on a monthly basis and financial statements are being issued to Senior Staff and the Board of Directors on a quarterly basis. The Monarch Fire Protection District was in a time of transition when the Missouri State Auditor was on site performing their 2010 audit. The District was implementing new financial software and in the process of ensuring that the districts cash, revenues and expenditures were accounted for correctly. The \$266,000 was clearly identified, and clearly explained to the Missouri State Auditor. The Controller was working with the Districts auditors at Botz Deal & Company in conjunction with the IT staff that supports the new software in order to correct the pending issue. The Monarch Fire Protection District has fully implemented the new financial software.

6. District Procedures

The district needs to improve procedures and records for district property.

6.1 Capital Assets

Procedures and records to account for district property are not adequate. As a result, assets are more susceptible to theft or misuse. An annual physical inventory of property has not been performed in several years. We identified a computer on the list of assets which could not be located. In addition, written authorization is not obtained from the Board for the disposition of capital assets. District personnel indicated some items disposed are either given or thrown away.

Adequate capital asset procedures and records are necessary to ensure accountability for all items purchased and owned, for determining the proper amount of insurance coverage, and to provide a basis for proper financial reporting.

6.2 Fuel and mileage logs

The district has not established effective monitoring procedures regarding fuel and vehicle use. As a result, the district cannot ensure there is no misuse of fuel or vehicles. The district does not maintain logs for the bulk fuel tanks to ensure fuel is used only for district business and vehicle logs



Monarch Fire Protection District
Management Advisory Report - State Auditor's Findings

are not complete to ensure vehicles are used only for district business. During the year ended December 31, 2010, the district incurred fuel costs of approximately \$59,000.

The district maintains bulk fuel tanks at district headquarters and at one fire house. Each location has an unleaded and diesel fuel tank. The district does not maintain logs of fuel pumped from the tanks. The district does maintain logs showing fuel pumped in each district vehicle, except for fire trucks and ambulances.

Some of the vehicle logs maintained did not contain information on the mileage of the vehicle. District personnel indicated no one periodically reviews the vehicle logs or calculates the miles per gallon for the vehicles to help provide assurance fuel use is for district business. In addition, the district purchases some fuel from gas stations using fuel cards. However, odometer readings are not recorded consistently on the vendor receipts or the vehicle logs. Thus, fuel purchases cannot be compared to vehicle mileage readings to determine the reasonableness of fuel use. Also, the logs for vehicles assigned to specific employees do not include a description of the use of the vehicle.

Maintenance and review of bulk fuel logs and comparison of log information to inventory records and fuel purchases, are necessary to prevent paying vendors for improper billing amounts, and to decrease the risk of theft or misuse of fuel occurring without detection. Vehicle logs should provide sufficient details so the district can effectively monitor use of vehicles assigned to individuals and calculate miles per gallon to provide assurance fuel use is for district business only.

Recommendations

The Monarch Fire Protection Board:

- 6.1 Ensure complete and detailed capital asset records are maintained, annual physical inventories are performed and compared to detailed records, and proper approval is documented for the disposal of assets.
- 6.2 Ensure records are maintained for all bulk fuel tanks of fuel pumped, total fuel pumped is reconciled to fuel purchases plus fuel on hand, and any differences are investigated. The Board should also ensure mileage/usage logs contain odometer readings for all vehicles and description of use for vehicles assigned to specific employees.



Monarch Fire Protection District
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Auditee's Response

The Board of Directors provided the following written responses:

- 6.1 *The District will review the current list of assets and perform a rolling stock inventory on a yearly basis. We will continue to perform a testing of our inventory of an annual basis. This recommendation has been reviewed and the Monarch Fire Protection District will use appropriate employees to assist the District with the review and removal of the old assets.*

- 6.2 *The District is reviewing the fuel & mileage policy and procedure. The staff at the Monarch Fire Protection District is in the process of developing a plan that will address this issue and allow the District to account for mileage, fuel output and input.*

Monarch Fire Protection District

Organization and Statistical Information

Monarch Fire Protection District is a fire district established pursuant to Chapter 321, RSMo. The Monarch Fire Protection District was known as the Chesterfield Fire Protection District prior to 2003. The district includes parts of six cities including Ballwin, Chesterfield, Clarkson Valley, Creve Coeur, Maryland Heights, and Wildwood, as well as parts of unincorporated St. Louis County. The district services approximately 60,000 citizens. The district employed 125 full-time employees as of December 31, 2010.

An elected board serves as the policy-making body for district operations. The board's three members serve 6-year terms. The Board members during the year ended December 31, 2010, are identified below. Salaries for board members are established by state law. Members of the board are paid \$200 for each open and closed meeting (up to four total meetings per month). The Board President elected not to receive the latest increase and thus was only paid \$190 per meeting. In addition, the President is paid an additional \$50 per open meeting (up to 2 meetings per month), the Secretary is paid an additional \$1,000 a year, and the Treasurer is paid an additional \$1,000 per year.

Board of Directors

Name and Title	Compensation Paid for the Year Ended December 31, 2010
Richard Gans, Board President	\$ 10,230
Robin Harris, Board Secretary	10,483
Kim Evans, Board Treasurer	10,083

Fire Chief

The Fire Chief at December 31, 2010, was Clifford Biele and his annual compensation was \$123,706. The Fire Chief's compensation is established by the Board of Directors.

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

The Monarch Fire Protection District did not receive any federal stimulus monies during the year ended December 31, 2010.