

MUNICIPALITY OF CAVOUR
INTERNAL CONTROL REVIEW
July 21, 2023

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RUSSELL A. OLSON
AUDITOR GENERAL

REPORT ON THE LIMITED STUDY OF INTERNAL CONTROL
PERFORMED IN ACCORDANCE WITH SOUTH DAKOTA CODIFIED LAW 4-11-4.1

Governing Board
Municipality of Cavour
Cavour, South Dakota

We have made a study of selected elements of internal control of the Municipality of Cavour (Municipality) in effect at July 21, 2023. Our study was performed pursuant to South Dakota Codified Law (SDCL) 4-11-4.1 and was limited to selected accounting controls contained in the codified laws and other selected controls we felt were significant to the Municipality. Our study was not conducted in accordance with the standards established by the American Institute of Certified Public Accountants for the purpose of giving an opinion on internal control in effect at the Municipality.

The management of the Municipality is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objective of internal controls is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in internal controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal controls to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.

Our study was more limited than would be necessary to express an opinion on internal control of the Municipality. Also, our study would not necessarily disclose all significant weaknesses in internal controls of the Municipality. Accordingly, we do not express an opinion on internal control of the Municipality in effect at July 21, 2023.

However, our study did disclose weaknesses in internal controls of the Municipality in effect at July 21, 2023 as discussed below:

- a. The governing board did not publish a complete list of employees' salaries with the proceedings of the first meeting of the year as required by SDCL 6-1-10. We recommend the governing board publish a complete list of employees' salaries with the proceedings of the first meeting of the year as required by SDCL 6-1-10.
- b. The official minutes gave a detailed statement of all expenditures by name and amount but did not always show the service rendered as required by SDCL 9-18-1. We recommend the detailed statement of expenditures in the minutes include the purpose for the expenditure as required by SDCL 9-18-1.
- c. The 2020, 2021 and 2022 annual reports were not completed, published, and filed with the Department of Legislative Audit as required by SDCL 9-22-21. We recommend the Municipality prepare, publish, and file the annual financial reports in accordance with SDCL 9-22-21. We have provided guidance to the Municipality regarding the preparation of the annual financial reports.
- d. The 2023 annual appropriations ordinance was not adopted or published as prescribed by SDCL 9-21-2 and the Municipal Accounting Manual and did not include the enterprise funds. We recommend the appropriations ordinance be adopted and published as required by SDCL 9-21-2 and the Municipal Accounting Manual. We have provided assistance to the Municipality to properly present the budget in the form of an appropriation ordinance.
- e. The voucher perjury statements to be signed by the claimant for personal services or travel as recommended by the Municipal Accounting Manual were not signed by the claimant. In addition, there was no signature by the finance officer to verify that the services or materials were received as required by SDCL 9-23-1. We recommend the vouchers be properly verified as recommended by the Municipal Accounting Manual and SDCL 9-23-1.

This report is intended solely for the use of management and the governing board and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Russell A. Olson
Auditor General

July 21, 2023