

MUNICIPALITY OF HENRY
INTERNAL CONTROL REVIEW
August 1, 2024

MUNICIPALITY OF HENRY
MUNICIPAL OFFICE
August 1, 2024

Governing Board:

Mark O'Neill, Board President
Kelby Goodall
Charles Heustess
Neil Jensen
Dorene Foster

Finance Officer:

Amber Dill

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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 Henry
Henry South Dakota

We have made a study of selected elements of internal control of the Municipality of Henry (Municipality) in effect at August 1, 2024. 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 August 1, 2024.

However, our study did disclose weaknesses in internal controls of the Municipality in effect at August 1, 2024 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 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 cash reported in the 2023 Annual Report was \$18,526.24 less than the reconciled bank balance as of December 31, 2023. The finance officers did not perform proper monthly bank reconciliations. We recommend the Municipality adjust the general ledger cash balances to agree with the reconciled bank balance as of December 31, 2023 and reconcile the recorded cash balances to the bank balances monthly.
- d. The Municipality did not properly maintain the following necessary records:
 1. Cash General Ledger
 2. Accounts Receivable General Ledger and Corresponding Subsidiary Records
 3. Cash Receipts Journal
 4. Cash Disbursement Journal
 5. Revenue Budget Record
 6. Expenditure Budget Record

We recommend the Municipality properly establish and maintain the necessary accounting records.

- e. The Municipality did not properly prepare vouchers to support the payment of claims as required by SDCL 9-23-1. We recommend the Municipality properly prepare vouchers to support all claims against the Municipality as required by SDCL 9-23-1.
- f. Eleven checks issued from December 19, 2023 through January 18, 2024 were only signed by one person, instead of being signed by both the board president and the finance officer as required by SDCL 9-23-3. We recommend all disbursements from the Municipality be signed by the both the board president and finance officer as required by SDCL 9-23-3.

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

August 1, 2024