

Investigative Report

Arkansas Legislative Audit

Review of Selected Transactions City of Thornton

January 1, 2022 through December 31, 2022



INTRODUCTION

This report is issued in response to a request from the Thirteenth Judicial District Prosecuting Attorney for Arkansas Legislative Audit (ALA) to investigate allegations concerning the City of Thornton (City). Of specific concern were allegations of improper spending and possible misappropriation of Water Department revenue by the former Office Manager.

OBJECTIVES

Objectives of this review were to:

- Determine if selected disbursements were for authorized City purposes.
- Determine, on a test basis, if Water Department revenues were properly deposited in the City's bank account

SCOPE AND METHODOLOGY

This review was conducted primarily for the period January 1, 2022 through December 31, 2022. Relevant records, including bank statements, invoices, and receipt data entered in the Water Department computer system, were examined. In addition, ALA staff interviewed various individuals.

BACKGROUND

A second-class city located in Calhoun County, Thornton operates under the mayor-council form of government. The City (including the Water Department) is governed by a six-member City Council. In August 2022, the City hired an Office Manager who was responsible for collecting, receipting, depositing, and disbursing City funds. The Office Manager's employment was terminated in November 2022 after City officials discovered improper spending.

RESULTS OF REVIEW

Analysis of Selected Disbursements

ALA staff analysis of selected disbursements revealed \$1,868 in improper charges on a City credit card assigned to the Office Manager:

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- \$500 for the purchase of tires for a vehicle not owned by the City.
- \$1,368 in purchases at various businesses without documentation; therefore, the validity of these disbursements could not be determined.

Analysis of Water Department Revenue

ALA staff compared revenue per the Water Department computer system with bank deposits on a test basis and noted no material discrepancies.

RECOMMENDATION

ALA staff recommend that City management ensure adequate supporting documentation is available and approved prior to payment of credit card charges.

SUMMARY

ALA staff review of selected disbursements revealed an unauthorized disbursement of \$500, as well as undocumented disbursements totaling \$1,368 for which the business purpose could not be determined. It appears these purchases were made by the former Office Manager, whose employment was terminated in November 2022.

During ALA staff review of Water Department revenues, no material discrepancies were noted.

This report has been forwarded to the Thirteenth Judicial District Prosecuting Attorney and the Attorney General.

