Rules of
Elected Officials
Division 40—State Auditor
Chapter 4—Audits of Fire Protection Districts in St. Louis and Greene Counties

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Title 15—ELECTED OFFICIALS  
Division 40—State Auditor  
Chapter 4—Audits of Fire Protection Districts in St. Louis and Greene Counties

15 CSR 40-4.010 Requirements for Districts

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth requirements to be met directly by the district.

1. The district is responsible for preparing and providing financial information to be included in the audit report. The district shall maintain adequate accounting records for that purpose. These records may be maintained on the bases of accounting deemed appropriate by the district but the records shall provide adequate information to allow the district to report in accordance with generally accepted accounting principles.

2. The district shall engage an independent auditor to conduct the audit. The state auditor does not recommend, select or approve the district’s auditor or the auditor’s fee, except as provided in 15 CSR 40-4.010(4). The district is responsible for fulfilling all contractual obligations with the auditor, including payment of all earned fees.

3. The district shall require from the independent auditor an engagement letter which sets out all essential particulars. A copy of the engagement letter shall be submitted to the state auditor for his/her review before commencement of audit fieldwork. The purpose of this review is to provide reasonable assurance that the district has contractually committed an auditor to provide services to satisfy requirements of 15 CSR 40-4. The contents of this letter should include, but are not limited to:

   A) Period for which the financial statements are audited;
   B) Purpose of the audit;
   C) Scope of the audit, including consideration of the internal control structure and tests of compliance with applicable laws and regulations;
   D) Provisions that the auditor will communicate, in writing, to the district material weaknesses or reportable conditions in the internal control structure, instances of non-compliance with applicable laws and regulations and other areas of possible improvement;
   E) Provision that all workpapers, etc., will be made available to the state auditor for his/her review upon his/her request;
   F) Provision that the auditor will comply with applicable rules issued by the state auditor under 15 CSR 40;
   G) Provision that the auditor will discuss with the district any factors s/he may discover which would prevent him/her from issuing an unqualified opinion on the financial statements and allow the district and the auditor the opportunity to arrive at a resolution acceptable to both;
   H) Statement of the auditor’s responsibility for detection of errors, irregularities and illegal acts; and
   I) The estimated cost of the audit and the rates which are the basis for that estimate.

4. The district must file a copy of the completed audit report with the state auditor within six (6) months after the close of the audit period. If any audit report fails to comply with promulgated rules, the state auditor will notify the district and specify the defects. If the specified defects are not corrected within ninety (90) days from the date of the state auditor’s notice to the district, or if a copy of the required audit report has not been received by the state auditor within the specified time, the state auditor will make, or cause to be made, the required audit at the expense of the district.


15 CSR 40-4.030 Contents of Audit Reports

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule describes required and suggested information to be included in the audit reports.

1. Standards for auditing and financial reporting of fire protection districts are given in 15 CSR 40-4.020.

2. All audit reports shall contain:

   A) A table of contents;
   B) A report on the financial statements;
   C) Combined financial statements and appropriate note disclosures;
   D) Other financial information which includes, but is not limited to, the following:
      1. Supplemental schedule of expenditures/expenses by object, if not included in the financial statements;
      2. Tax rates and assessed valuation;
      3. Schedule of insurance in force which shall include, in addition to other information, the agent for each policy; and
4. Principal officeholders who held office during the period under audit, compensation received by each official in performance of his/her duty and all other compensation or reimbursement of expenses made by the district to each officeholder; and

(E) A report on the consideration of the internal control structure, a report on the tests of compliance with applicable laws and regulations and a management letter communicating areas of possible improvement not otherwise reported. The required scope of audit for the reports and management letter is set forth in 15 CSR 40-4.040(3). The reports and management letter shall include the findings and recommendations, if any, which the auditor developed during his/her audit and the district’s responses to those findings and recommendations. The reports and management letter shall also indicate the nature of previous recommendations and the extent to which the district has implemented those recommendations.

(3) If the district or the auditor deems it appropriate, audit reports may contain or utilize the following:

(A) A history and organization section prepared by the district (unaudited);
(B) Comparative financial data for one (1) or more years; and
(C) Other statements, exhibits, schedules or analyses as deemed necessary or appropriate by the district or the auditor.


15 CSR 40-4.040 Scope of Audit

PURPOSE: The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth the scope of the audit.

(1) Nothing in the rules promulgated for audits of fire protection districts shall be construed as restricting, limiting or relieving the independent auditor of his/her professional judgment or responsibility.

(2) The audit shall include those tests of the accounting records and other auditing procedures which the independent auditor considers necessary in the circumstances to conform to the standards for auditing governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(3) As part of the audit described in section (2), the auditor will obtain an understanding of the internal control structure, assess control risk and report any material weaknesses or reportable conditions. The auditor will also test compliance with applicable laws and regulations and report all material instances of noncompliance. As a part of, or in addition to, audit tests or procedures which may be necessary for the audit, the auditor shall—

(A) Review systems, procedures and management practices, including:
   1. Review cash management practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;
   2. Evaluate the purchasing function to the extent necessary to determine that the district generally receives fair value, for example, bidding of significant purchases; that purchases generally represent items consistent with the function of the district; and that there is not significant likelihood of misuse or misappropriation of the district’s resources through the purchasing process;
   3. Review fixed asset records and procedures to the extent necessary to determine that fixed assets are properly recorded, physically controlled and in the possession of the district;
   4. Review fidelity bond coverages to determine that all persons with access to assets of the district appear covered in sufficient amounts;
   5. Evaluate the budgeting practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;
   6. Review related party transactions;
   7. Review evaluate other areas as required by the district; and
   8. Review significant areas or matters which come to the attention of the auditor;

(B) The auditor will note areas of possible improvement in the district’s systems, procedures and management practices. In evaluating district systems, procedures and management practices, the auditor should consider whether improvements appear practicable and economically justifiable.

(C) Test compliance with applicable laws and regulations, including:
   1. Design the audit to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statements; and
   2. Be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements; and
   3. Test compliance with other legal provisions as s/he deems necessary or appropriate in the circumstances.

(D) Legal provisions which the auditor should consider in his/her audit include, but are not limited to, the following:
   1. Article III, Sections 38(a) and 39(3) and Article VI, Section 25, Constitution of Missouri limitations on use of funds and credit;
   2. Article VI, Section 26, Constitution of Missouri limitations on indebtedness without popular vote;
   3. Article VI, Section 29, Constitution of Missouri application of funds derived from public debts;
   4. Article VII, Section 6, Constitution of Missouri penalty for nepotism;
   5. Chapter 67, RSMo budgetary requirements;
   6. Sections 70.210 to 70.230 and Section 432.070, RSMo contracts;
   7. Section 105.145, RSMo annual report;
   8. Chapter 105, RSMo conflict of interest;
   9. Chapter 108, RSMo bond issues;
   10. Chapter 321, RSMo fire protection districts;
   11. Other applicable portions of the Constitution of Missouri and the Missouri Revised Statutes;
   12. Applicable sections of Code of State Regulations; and
   13. Other applicable legal provisions.

(4) The auditor shall report on the reviews and examinations required by this rule in a management letter as set forth in 15 CSR 40-4.030 (2)(E).
