B44230

# STATE BOARD OF ACCOUNTS
# 302 West Washington Street
# Room E418
# INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF ANDERSON

MADISON COUNTY, INDIANA

January 1, 2013 to December 31, 2013

FILED
09/30/2014

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SCHEDULE OF OFFICIALS

| Office | Official | Term |
|---|---|---|
| Controller | Sam J. Pellegrino | 01-01-13 to 08-16-13 |
| | (Vacant) | 08-17-13 to 08-18-13 |
| | Jason C. Fenwick | 08-19-13 to 12-31-14 |
| Mayor | Kevin S. Smith | 01-01-12 to 12-31-15 |
| Chairman of the Board of Public Works | Pete Heuer | 01-01-13 to 12-31-14 |
| President of the Common Council | David W. Eicks | 01-01-13 to 12-31-13 |
| | Pamela Jones | 01-01-14 to 05-26-14 |
| | Donna Davis (Pro Tem) | 05-27-14 to 12-31-14 |
| Utility Finance Manager | Renisa Harry | 01-01-13 to 12-31-14 |

**STATE OF INDIANA**
**AN EQUAL OPPORTUNITY EMPLOYER**

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE CITY OF ANDERSON, MADISON COUNTY, INDIANA

This report is supplemental to our audit report of the City of Anderson (City), for the period from January 1, 2013 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the City, which provides our opinions on the City's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

July 18, 2014

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MUNICIPAL AIRPORT
CITY OF ANDERSON

MUNICIPAL AIRPORT
CITY OF ANDERSON
FEDERAL FINDINGS

***FINDING 2013-001 - CASH MANAGEMENT***

Federal Agency: Department of Transportation
Federal Program: Airport Improvement Program
CFDA Number: 20.106
Federal Award Number and Year (or Other Identifying Number): AIP-3-18-0001-22, AIP-3-18-0001-25, AIP-3-18-0001-26, AIP-3-18-0001-27

Management of the City has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and Cash Management compliance requirements that has a direct and material effect to the program. The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The City is required to pay grant expenses prior to requesting reimbursement; however, the procedure in place was to pay grant expenses after the reimbursement was requested and received. Controls were not properly designed to ensure the City was in compliance with the Cash Management compliance requirements. Due to improper controls, noncompliance was found in 100 percent of the cash reimbursements tested. Grant expenses were generally paid 4 to 14 days after the receipt of reimbursements; however, some instances were noted where payments were made at a much later date. Two payments were made 32 and 54 days after reimbursements were received. Advance reimbursement payments are allowed under certain circumstances, but require prior approval from the federal agency. The City was not able to provide any documentation from the federal agency authorizing advance reimbursements.

49 CFR 18.21 states in part:

"(a) *Scope*. This section prescribes the basic standard and the methods under which a Federal agency will make payments to grantees, and grantees will make payments to subgrantees and contractors.

(b) *Basic Standard*. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205."

31 CFR 205.12 (5) states: "Reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the City.

We recommended that the City's management establish controls, including segregation of duties, and procedures to ensure compliance with the grant agreement and the Cash Management compliance requirements.

***FINDING 2013-002 - EQUIPMENT AND REAL PROPERTY MANAGEMENT***

Federal Agency: Department of Transportation
Federal Program: Airport Improvement Program
CFDA Number: 20.106
Federal Award Number and Year (or Other Identifying Number): AIP-3-18-0001-22, AIP-3-18-0001-25, AIP-3-18-0001-26, AIP-3-18-0001-27

Management of the City has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and Equipment and Real Property Management compliance requirements that has a direct and material effect to the program. The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The controls over Equipment and Real Property Management compliance requirements for the Airport Improvement Program were not implemented properly. The controls were designed for the Airport to report the equipment and real property to the Controller's Office when the claims were submitted. Then the Controller's Office would input the equipment and real property into the capital asset records. However, due to staffing issues, the City did not have anyone managing the capital assets records for the majority of 2013. The Airport submitted reports indicating equipment and real property information on each disbursement claim to the Controller's Office, but the information was not recorded in the capital asset records by the Controller's Office. Because controls could not be properly implemented, it resulted in noncompliance for 100 percent of the equipment and real property transactions tested.

49 CFR 18.32 states in part:

"(d) *Management requirements*. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes places will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who hold title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the City.

We recommended that the City's management establish controls, including segregation of duties, and procedures to ensure compliance with the grant agreement and the Equipment and Real Property Management compliance requirements.

Kevin S. Smith, Mayor

*City of Anderson*
*Controller's Office*
*Jason C. Fenwick*

120 East Eighth Street
Anderson, Indiana 46018
(765) 648-6025 Phone
(765) 648-5902 Fax
www.cityofanderson.com

CORRECTIVE ACTION PLAN

***FINDING 2013-001***

Contact Person Responsible for Corrective Action: Jason C. Fenwick
Contact Phone Number: 765.648.6034

Description of Corrective Action Plan:

The City routinely updates its Grants Policy and Procedures. The current revised policy states that reimbursement for grant expenditures will not take place prior to actual City expenditures. The Department cited in this finding, City of Anderson Airport, has been notified and instructed to verify actual expenditures with the Controller's Office prior to submitting for reimbursement.

Anticipated Completion Date: Immediate

(Signature)

Controller
(Title)

July 16, 2014
(Date)



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Kevin S. Smith, Mayor

*City of Anderson*
*Controller's Office*
*Jason C. Fenwick*

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CORRECTIVE ACTION PLAN

***FINDING 2013-002***

Contact Person Responsible for Corrective Action: Jason C. Fenwick
Contact Phone Number: 765.648.6034

Description of Corrective Action Plan:

Due to staffing issues, the City did not have anyone managing capital assets for the majority of 2013. The City now has staffing in place to manage capital assets. Our capital asset policy is also being updated.

Anticipated Completion Date: TBD

(Signature)

Controller
(Title)

July 16, 2014
(Date)



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MUNICIPAL AIRPORT
CITY OF ANDERSON
AUDIT RESULT AND COMMENT

***FEES***

The Airport has a fuel discount program which gives customers a credit applied towards their monthly hangar rent. The discount amounts to $0.50 per gallon of fuel purchased, up to a maximum of $35 (70 gallons) per month. During our testing of Airport receipts, we identified a receipt that incorrectly credited the total gallons of fuel purchased for the month as a dollar amount, not the approved $0.50 per gallon rate.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

*City of Anderson*
*Anderson Municipal Airport*

**282 Airport Road**
**Anderson, Indiana 46017**
**(765) 648-6292 Fax (765) 648-6294**
**www.cityofanderson.com**

**Anderson Municipal Airport,**
**Darlington Field**

July 9, 2014

Mr. Jason Fenwick
City Controller
City of Anderson
Anderson, Indiana 46011

Dear Jason:

Please accept this letter in response to the exit interview regarding the Anderson Municipal Airport, City of Anderson, Indiana. During the exit interview conducted Tuesday July 8, 2014, three items were presented for discussion.

1. Fees. The discrepancy regarded the crediting of fuel purchased by tenants pertaining to the Airport's Fuel Discount Program. During the examination time frame, 1 receipt was found to have incorrectly picked up the gallons as the credit versus the dollars, $0.50 per gallon that should have been credited. This appears to be an isolated incident as approximately 15 tenants participate in this program on a monthly basis resulting in approximately 200 transactions per year. This occurrence has been reviewed with the individual responsible for these transactions and diligence will be used in processing the fuel credit in the future.
2. Cash Management in regards to the Airport Improvement Program. Examination found instances of issuing payment to contractor/consultant after reimbursement for those services was received. Payment to contractor/consultant should be made prior to receiving reimbursement. Corrective action has been implemented by contacting the City's Controller Office to verify payment has been made prior to requesting reimbursement. Once verification that payment has been issued, reimbursement request will be submitted.
3. Equipment and Real Property Management. The examination time frame found the airport was properly submitting the asset information but due to staffing issues in the City's Controller's Office the information was not being recorded. As the airport was properly providing the required information and has no control over staffing issues within the Controller's Office, the airport will continue with providing the asset information with each pay request submitted.

If you have any questions regarding these statements or need additional information, please feel free to contact me at your convenience.

Sincerely,

John G. Coon, A.A.E.
Airport Manager
Anderson Municipal Airport

MUNICIPAL AIRPORT
CITY OF ANDERSON
EXIT CONFERENCE

The contents of this report were discussed on July 7, 2014, with John Coon, Airport Manager.

MUNICIPAL UTILITIES
CITY OF ANDERSON

***EXPENDITURES OF UTILITY FUNDS FOR CITY USES***

During 2013, and in prior years, disbursements were made from the Utilities operating funds that were not directly related to operations of the Utilities or did not have reasonable justifications for the amounts allocated to the Utilities. The term "Utilities" includes electric, water, wastewater, and storm water.

- Maintenance Department - All maintenance salaries and expenses for the City building were paid from the Utilities. Some Utility offices are located in the City building in which the Utilities pay rent, but do not use a substantial portion of the building.

- City Operations - The Utilities paid 50 percent of all utility bills, 50 percent of copy center expenses, and 100 percent of elevator expenses.

- Mayor's Office - Mayor was paid 60 percent and two other employees were paid 51 percent of their salaries from the Utilities.

- Controller's Office - Controller was paid 60 percent, one employee was paid 49 percent, two employees were paid 25 percent, and one employee was paid 50 percent of their salaries from the Utilities.

- City Clerk's Office - One employee was paid 45 percent and one employee was paid 49 percent from the Utilities.

- City Council - City council members' salaries were paid 64 percent from the Utilities.

- Board of Works - Salaries ranging from 50 percent - 65 percent were paid from the Utilities.

- Legal - Salaries were paid 55 percent from the Utilities.

- Personnel and Insurance Department - Four employees had 34 percent of their salaries paid from the Utilities. Additionally, 100 percent of all other expenses for this department were paid from the Utilities.

- Municipal Development - Four employees were paid 25 percent, one plumbing inspector was paid 40 percent, and one electrical inspector was paid 50 percent from the Utilities.

- Economic Development - One employee was paid 50 percent from the Utilities.

- Loss fund - The Utilities contribute 55 percent of the annual amount transferred to that fund. The fund is used to pay City and Utility insurance claims and settlements.

Percentages or amounts allocated to the Utilities were not based on a proration of number of employees, area used, time spent, or other basis showing prorated relationship to the Utilities.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***ORDINANCES AND RESOLUTIONS***

During our testing of utility billings, several issues were found in the billing processes and charges assessed for electric, water, and storm water. The issues are described in the following three paragraphs.

The electric billings for an industrial account were not properly assessed in accordance with the City's approved rates, charges, and credits. The formula to calculate the delivery voltage credit was not properly programmed in the utility billing system. The billing issue was discovered by Utility personnel and corrected in March 2014. The incorrect calculations affected the billings for February 2013 through February 2014 and resulted in a total over billing to this account of $1,199.

An industrial account was charged an incorrect amount for water usage for the month tested. A maximum dollar threshold is set by the billing system. This specific account exceeded that amount for one month and, therefore, was not billed the correct amount. The error was not caught by the City and therefore, this account was undercharged by $6,760, including sales tax, for the month tested. Additional review was performed on this account for the other months of 2013 and 2014 and no other errors were noted.

According to the ordinance 77-01, each property owner shall be assessed a storm water service charge equal to $3.50 per Equivalent Residential Unit (ERU). Most residential properties or accounts are equivalent to one ERU and are assessed a fee of $3.50. On August 9, 2002, this ordinance was amended to allow for the tenants occupying the property to be assessed the storm water service fee with documentation that the tenant agreed to pay for the rates and charges, but still held the property owner ultimately responsible for any unpaid storm water balance. During a test of compliance over utility billings, 10 percent of the properties or accounts tested were not billed for storm water. This was also noted in the prior Report B42638.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Kevin S. Smith, Mayor

*City of Anderson*
*Controller's Office*
*Jason C. Fenwick*

120 East Eighth Street
Anderson, Indiana 46018
(765) 648-6025 Phone
(765) 648-5902 Fax
www.cityofanderson.com

July 24, 2014

State Board of Accounts
302 W Washington Street, Room E418
Indianapolis, Indiana 46204-2765

To Whom It May Concern:

**Re: Expenditures of Utility Funds for City Uses**

This finding first appeared as an Audit finding for the fiscal year 2011. Allocation adjustments have been made to some operations, most recently reflected in the 2014 fiscal budget. The State Board has advised the City that the recurrence of the finding is only due to insufficient documentation of how percentages were determined. The City has implemented a policy and process for justifying all allocations to Utilities; due to the cycle of budgets, this will be implemented into the 2015 budget process.

Sincerely,

Jason C. Fenwick
City Controller

Kevin S. Smith, Mayor

*City of Anderson*
*Controller's Office*
*Jason C. Fenwick*

120 East Eighth Street
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July 24, 2014

State Board of Accounts
302 W Washington Street, Room E418
Indianapolis, Indiana 46204-2765

To Whom It May Concern:

**Re: Audit Result and Comment: Ordinances and Resolutions, Comment 1**

In August 2013 Anderson Municipal Light and Power contacted the City's IT department regarding an incorrect billing calculation on an industrial account. The incorrect billing calculation resulted in less than $100 per month overbilling to this one customer. This was reported to the City's software provider and the issue was resolved. No other accounts were affected

**Re: Audit Result and Comment: Ordinances and Resolutions, Comment 2**

In December of 2013, an industrial water account was charged an incorrect amount for one month, due to an incorrect maximum dollar threshold amount set in the billing system. The threshold was corrected and no other account errors occurred. This occurred for one month and no other accounts were affected.

Sincerely,

Jason C. Fenwick
City Controller

MUNICIPAL UTILITIES
CITY OF ANDERSON
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2014, with Jason C. Fenwick, Controller, and Pete Heuer, Chairman of the Board of Public Works.

CITY COURT
CITY OF ANDERSON

CITY COURT
CITY OF ANDERSON
AUDIT RESULTS AND COMMENTS

***CLERK'S TRUST ITEMS OVER FIVE YEARS OLD***

Our review of trust items on hand revealed that some items had been on hand for a period of five years or longer. Any items held longer than five years are considered unclaimed and should be paid over to the Attorney General. During 2013, no unclaimed items were sent to the Attorney General. The amount of unclaimed funds in the Trust and Cash Bond accounts totaled $7,047 and $3,781, respectively.

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds five or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-1-20(c)(7). Items should not be allowed to accumulate beyond the five year anniversary date. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

***RECONCILIATION OF SUBSIDIARY LEDGERS***

The Trust and Cash Bond Registers (subsidiary ledgers) did not reconcile to the Trust and Cash Bond account balances in the Court's Cash Book (control accounts). At December 31, 2013, the amount in the detailed Trust Register was $474 more than the amount in the Court's Cash Book balance and the detailed Cash Bond Register was $22,003 less than the Cash Book balance.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

July 18th, 2014

Response to the Audit Results and Comments provided to Anderson City Court From State Board of Accounts is as follows:

Trust Items were sent to the Attorney General on 03/14/2014 in the amount of $17261.00. Once the Clerk responsible was made aware of the 5 year guideline of sending unclaimed monies to the Attorney General's Office, it was done immediately.

The Trust and Cash Registers did not reconcile with the Trust and Cash Bond Account Balances in the Court's Cash book due to the fact the Computer Programmer has been working on a new detailed register since July 2013. He has been contacted numerous times about the situation and knows how critical this is to be correct. However, all of the monies within the Trust and Cash Registers are correct with the Anderson City Court Bank Statements and other Reports that are completed at the end of each month and do balance.

Respectfully,
Michelle Bradford
Anderson City Court

CITY COURT
CITY OF ANDERSON
EXIT CONFERENCE

The contents of this report were discussed on July 10, 2014, with Donald R. Phillippe, City Judge; Michelle Bradford, Court Clerk; and Sheila Ashley, City Clerk.

PARK DEPARTMENT
CITY OF ANDERSON

PARK DEPARTMENT
CITY OF ANDERSON
AUDIT RESULTS AND COMMENTS

***ACCOUNTABLE ITEMS***

Monies were collected and disbursed for park related activities that were not included in the financial records of the City. A separate bank account was held in the City's name in which deposits were made for activities related to a park sponsored basketball league. Expenses related to these activities were also paid from this bank account. Separate accounting records were not maintained for the basketball league. Additionally, supporting documentation for receipts and disbursements, such as receipts and paid invoices, were not provided for audit. Bank statements and checkbook registers were provided for audit and did not have any activity since August 2010. The bank account was closed in January 2013 and the remaining balance of $1,603 was received and deposited into the Park Fund in the City's financial records in February 2013.

Controls over receipts and disbursements were not sufficient to allow further analysis or conclusions related to these transactions.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***DEPOSITS***

Monies collected on August 16, 2013, for "Youth Football" totaled $4,250 as documented by receipts written. A portion of those receipts, totaling $140 in cash, was not deposited or recorded in the financial records. Additional testing was performed on Park Department receipts to verify that the $140 was not deposited or receipted to the financial records.

Indiana Code 5-13-6-1(c) states in part:

> ". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

PARK DEPARTMENT
CITY OF ANDERSON
EXIT CONFERENCE

The contents of this report were discussed on July 7, 2014, with Stephon Blackwell, Park Superintendent, and Teresa Spencer, Parks Business Administrator.

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FIRE DEPARTMENT
CITY OF ANDERSON

FIRE DEPARTMENT
CITY OF ANDERSON
AUDIT RESULT AND COMMENT

***EMERGENCY MANAGEMENT SERVICES (EMS) - RECEIPTS***

During our test of EMS receipts, we noted that some of the receipt series totals did not match the daily cash reports or the total deposit amounts. EMS used a company to send bills and receive payments from patients on behalf of EMS. The company would then write a check to EMS for the amount collected net of any interest, fees, and adjustments related to insurance transactions. When EMS received the check, they typically would credit the patients' accounts for the full amounts owed on the account and write a receipt for that amount. The check they receive isn't for the full amount posted to the accounts, so it did not agree with the receipt and, therefore, the receipt did not agree to the deposit. On some occasions, EMS tried to allocate the company's fees across all the patients' collections and reduced the amount for each patient's payments; however, this was not always done properly or consistently. No reconciliation was presented for audit between the amount received by EMS and amount recorded.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

*City of Anderson*
*Fire Department*
**Chief Phillip Rogers**
**44 W 5th Street**
**Anderson, Indiana 46016**
**(765) 648-6600 Phone**
**(765) 648-6625 Fax**
**Www.cityofanderson.com**

Kevin Smith, Mayor

Wednesday, July 16, 2014

Mr. Jason Fenwick, Controller
City of Anderson
120 E 8th Street
Anderson Indiana 46016

Sir,

In response to the State Board of Accounts exit interview, we agree that there was an error in the procedure for receipting some payments/credits made to the department. This caused an occasional discrepancy between a day's receipts and that day's deposit. When this procedural error was called to our attention in April, we immediately corrected the issue by adopting your recommendations. We have instructed all of our billing staff in the changes to the procedures, and are in the process of revising our policy manual to reflect your suggestions.

Respectfully,

Mark Keck

Mark Keck
Assistant Deputy Chief

FIRE DEPARTMENT
CITY OF ANDERSON
EXIT CONFERENCE

The contents of this report were discussed on July 8, 2014, with Phillip Rogers, Fire Chief; Mark Keck, Assistant Deputy Fire Chief; and Julie Craig, EMS Coordinator.

POLICE DEPARTMENT
CITY OF ANDERSON

POLICE DEPARTMENT
CITY OF ANDERSON
AUDIT RESULT AND COMMENT

***FEE***

The Police Department did not collect the proper fee for one of the gun permit applications tested. The applicant initially paid state and local fees for a 4 Year Personal Protection Permit ($30 State, $10 Local), but the application indicated it was for a Lifetime Personal Protection Permit with Current License ($60 State, $40 Local). When contacted by the State about the discrepancy, the applicant paid the remaining amount for a lifetime permit to the State and a lifetime permit was then issued, but no additional local portion was collected toward the Lifetime Personal Protection Permit. The Police Department should have collected the $40 fee, but only collected $10.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

*City of Anderson*
*Police Department*
Larry L. Crenshaw, Chief

1040 Main Street
Anderson, Indiana 46016
Phone (765) 648-6708 ~ Fax (765) 648-6784
www.cityofanderson.com

Kevin S. Smith, Mayor

To: Jason Fenwick, Controller – City Of Anderson, IN

Re: Exit Response Option #2

Date: 07/16/14

Jason,

The Anderson Police Department reviewed the provided documentation [audit] from the State Board of Accounts regarding our fee collections pursuant to Indiana State gun permits.

In the FY 2013, five hundred eighty six [586] permits were filed and completed by the Anderson Police Department.

Post audit, I spoke with involved staff members and had an in-depth discussion pursuant to this notable error. We have formulated some remedies in ways to identify and correct any potential future errors. Procedurally, a secondary review or examination of all permits will be conducted internally by the Anderson Police Department, and by this Chief.

It is our intent to identify and differentiate costs associated with each requested permit, and reconcile those collected permit fees.

Sincerely,

Larry Crenshaw
Chief of Police
Anderson, IN.

POLICE DEPARTMENT
CITY OF ANDERSON
EXIT CONFERENCE

The contents of this report were discussed on July 8, 2014, with Larry Crenshaw, Police Chief, and Marcie England, Police Department Clerk.