

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF NORTH VERNON

JENNINGS COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
11/03/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	R. Shawn Gerkin	01-01-12 to 12-31-19
Mayor	Harold N. Campbell Michael Ochs	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works	Harold N. Campbell Michael Ochs	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President Pro Tempore of the Common Council	David Shaw Brian Hatfield	01-01-14 to 12-31-15 01-01-16 to 12-31-16
Utility Office Manager	Deanna Salyers Robin L. Jones (Vacant) Traci Wahlman-Ickx (Vacant) Gloria Bennett	01-01-14 to 06-15-14 06-16-14 to 08-10-15 08-11-15 to 11-29-15 11-30-15 to 02-26-16 02-27-16 to 04-17-16 04-18-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF NORTH VERNON, JENNINGS COUNTY, INDIANA

This report is supplemental to our audit report of the City of North Vernon (City), for the period from January 1, 2014 to December 31, 2014. 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

September 14, 2016

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CLERK-TREASURER
CITY OF NORTH VERNON

CLERK-TREASURER
CITY OF NORTH VERNON
FEDERAL FINDINGS

FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were deficiencies in the internal control system of the City related to financial transactions and reporting.

Lack of Segregation of Duties: The City had not separated incompatible activities related to receipts, disbursements, and cash and investment balances. Employees responsible for issuing receipts and checks were also responsible for depositing receipts, recording transactions in the financial accounting system, and reconciling the funds ledger to the depository balance. Control activities should be in place to reduce the risks of errors in financial reporting.

Criteria

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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)

Cause

Management of the City had not established a proper system of internal control.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Deputy Clerk-Treasurer was responsible for preparation of the SEFA. There was no control in place to ensure the SEFA was accurate.

CLERK-TREASURER
CITY OF NORTH VERNON
FEDERAL FINDINGS
(Continued)

During the audit of the SEFA, there were the following errors:

1. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii program (CFDA #14.228) was overstated by \$84,905.
2. The Bulletproof Vest Partnership Program (CFDA #16.607) was overstated by \$3,574.
3. The Highway Planning and Construction program (CFDA 20.205) was overstated by \$393,973.
4. The Airport Improvement Program (CFDA #20.106) was overstated by \$132,778.
5. An unidentified program was overstated by \$9,021.

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

Criteria

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.

CLERK-TREASURER
CITY OF NORTH VERNON
FEDERAL FINDINGS
(Continued)

- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2014-003 - DAVIS-BACON ACT AND EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Transportation

Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Numbers and Years (or Other Identifying Numbers): AIP-13-18-0063-15, AIP-3-18-0063-16

Condition

Management of the City had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirements: Davis-Bacon Act and Equipment and Real Property Management.

Davis-Bacon Act

A consultant was hired to monitor compliance with the Davis-Bacon Act requirements of the grant. There was no documentation that the City reviewed or provided oversight of the consultant's work.

CLERK-TREASURER
CITY OF NORTH VERNON
FEDERAL FINDINGS
(Continued)

Equipment and Real Property Management

Physical inventories were completed by the City's department heads. There was no control in place to ensure physical inventories were properly completed.

Context

The lack of internal controls was a systematic problem affecting all grant awards listed above.

Criteria

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. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

CLERK-TREASURER
CITY OF NORTH VERNON
FEDERAL FINDINGS
(Continued)

FINDING 2014-004 - CASH MANAGEMENT AND DAVIS-BACON ACT

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's
program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Numbers and Years (or Other Identifying Numbers): DR2SC-011-002, ST-12-100
Pass-Through Entities: Indiana Housing and Community Development Authority,
Indiana Office of Community and Rural Affairs

Condition

Management of the City had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management and Davis-Bacon Act.

Cash Management

The Deputy Clerk-Treasurer was responsible for compliance with Cash Management requirements, including ensuring that grant funds were expended within five days of the receipt of the grant draw. There was no control in place to ensure the unit complied with Cash Management requirements.

Davis-Bacon Act

A grant administrator was hired to monitor compliance with the Davis-Bacon Act requirements of the grant. There was no documentation that the City reviewed or provided oversight of the Grant Administrator's work.

Context

The lack of internal controls was a systematic problem, affecting all grant awards listed above.

Criteria

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. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

CLERK-TREASURER
CITY OF NORTH VERNON
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

View of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2014-005 - SUBRECIPIENT MONITORING

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/State's
program and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Numbers and Years (or Other Identifying Numbers): DR2OR-012-003

Pass-Through Entity: Indiana Housing and Community Development Authority

Condition

Management of the City had not established an effective internal control system, which would have included segregation of duties related to the grant agreement and the Subrecipient Monitoring compliance requirement. The City did not conduct on-site reviews or receive sufficient information that would have ensured that the subrecipient was properly following the guidelines of the grant agreement or the compliance requirements.

Context

Reimbursement requests submitted by the subrecipient contained invoices that allowed the City to monitor costs incurred, but had no detailed information about the subrecipient's expenditures. There was no documentation or evidence to indicate that the City monitored adequately to determine if a subrecipient expended more than \$500,000 and was subject to a Federal audit.

CLERK-TREASURER
CITY OF NORTH VERNON
FEDERAL FINDINGS
(Continued)

Criteria

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. . . ."

24 CFR 85.40(a) states:

"*Monitoring by grantees.* Grantees are responsible for managing the day-to day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

24 CFR 570.501(b) states in part:

"The recipient is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subrecipients, or contractors does not relieve the recipient of this responsibility. . . ."

OMB Circular A-133 .400(d) states in part:

". . . A pass through entity shall perform the following for the Federal awards it makes: . . . (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. . . ."

Cause

The City had not designed or implemented internal control procedures to ensure compliance with the Subrecipient Monitoring requirements of the program. The City did not have controls in place to ensure that on-site reviews of subrecipient activities or other monitoring was conducted as required.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirements could have resulted in the loss of federal funds to the City.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls to ensure compliance with the Subrecipient Monitoring requirements of the program.

Views of Responsible Officials

For the views of the responsible officials, refer to the Corrective Action Plan that is part of this report.



CITY OF NORTH VERNON

CLERK-TREASURER

143 E. WALNUT STREET

NORTH VERNON, IN 47265

(812) 346-5907

FAX (812) 346-8145

RAYMOND SHAWN GERKIN, CLERK-TREASURER

RITA L. ELMORE, ASST. CLERK-TREASURER

CORRECTIVE ACTION PLAN

RE: FINDING 2014-01

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

View of Responsible Official: We agree with the finding.

Corrective Action:

Due to the fact the City of North Vernon has a small staff in the Clerk-Treasurer's office and the Utility office, it is impractical to segregate the duties in an ideal manner.

However, the utility office and the clerk treasurer's office will begin have two employees sign off on bank transfers and daily deposits while continuing to review the job duties of those in the office to develop and implement more effective strategies.

ANTICIPATED COMPLETION DATE: IMMEDIATELY

Sincerely,


R. Shawn Gerkin
Clerk-Treasurer, City of North Vernon
(812) 346-5907



CITY OF NORTH VERNON

CLERK-TREASURER
143 E. WALNUT STREET
NORTH VERNON, IN 47265

(812) 346-5907

FAX (812) 346-8145

RAYMOND SHAWN GERKIN, CLERK-TREASURER

RITA L. ELMORE, ASST. CLERK-TREASURER

CORRECTIVE ACTION PLAN

RE: FINDING 2014-002

PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Views of Responsible Official: We agree with the finding.

Corrective Action Plan: The City has begun working more closely with our grant writers to review the Schedule of Expenditures of Federal Awards (SEFA). We will begin by having both parties review and sign off on a monthly transaction register and having both the clerk treasurer and deputy clerk treasurer review and sign off on reconciliation forms monthly.

ANTICIPATED COMPLETION DATE: IMMEDIATELY

Sincerely,

R. Shawn Gerkin
Clerk-Treasurer, City of North Vernon
(812) 346-5907



CITY OF NORTH VERNON

CLERK-TREASURER
143 E. WALNUT STREET
NORTH VERNON, IN 47265

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RAYMOND SHAWN GERKIN, CLERK-TREASURER

RITA L. ELMORE, ASST. CLERK-TREASURER

CORRECTIVE ACTION PLAN

RE: FINDING 2014-003

DAVIS-BACON ACT AND EQUIPMENT AND REAL PROPERTY MANAGEMENT

View of Responsible Official: We agree with the finding.

Corrective Action:

We will continue to use hired consultants to monitor compliance with the Davis-Bacon Act requirements of any grant. However, the City will now have a member of the clerk treasurer's office review the consultant's work on a regular basis. The City of North Vernon's small staff makes it impractical to have a perfect situation in regards to an ideal segregation of duties, but we will continue to strive to look for better ways to avoid potential noncompliance with grants.

ANTICIPATED COMPLETION DATE: IMMEDIATELY

Sincerely,

R. Shawn Gerkin
Clerk-Treasurer, City of North Vernon
(812) 346-5907



CITY OF NORTH VERNON

CLERK-TREASURER
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RAYMOND SHAWN GERKIN, CLERK-TREASURER

RITA L. ELMORE, ASST. CLERK-TREASURER

CORRECTIVE ACTION PLAN

RE: FINDING 2014-004 CASH MANAGEMENT AND DAVIS-BACON ACT

View of Responsible Official: We agree with the finding.

Corrective Action:

We will continue to use hired consultants to monitor compliance with the Davis-Bacon Act and cash management requirements of any grant. However, we will now have the clerk-treasurer and deputy clerk-treasurer both review and document approval of the work completed by the grant administrator. The City of North Vernon's small staff makes it impractical to have a perfect situation in regards to an ideal segregation of duties, but we will continue to strive to look for better ways to avoid potential noncompliance with grants.

ANTICIPATED COMPLETION DATE: UPON REVIEW OF DUTIES AND CONTACT WITH GRANT ADMINISTRATORS.

Sincerely,

R. Shawn Gerkin
Clerk-Treasurer, City of North Vernon
(812) 346-5907



CITY OF NORTH VERNON

CLERK-TREASURER
143 E. WALNUT STREET
NORTH VERNON, IN 47265

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RAYMOND SHAWN GERKIN, CLERK-TREASURER

RITA L. ELMORE, ASST. CLERK-TREASURER

CORRECTIVE ACTION PLAN

RE: FINDING 2014-005 SUBRECIPIENT MONITORING

View of Responsible Official: We agree with the finding.

Corrective Action:

The City will attempt to have an employee of its own, including but not limited to the clerk treasurer, be more responsible for the day to day operations of grant activities by completing on site visits to ensure that the sub recipient is following the guidelines of grant agreements. However, the small staff of the clerk treasurer's office makes it impractical to have a perfect segregation of duties in regards to this finding.

ANTICIPATED COMPLETION DATE: IMMEDIATELY

Sincerely,

R. Shawn Gerkin
Clerk-Treasurer, City of North Vernon
(812) 346-5907

CLERK-TREASURER
CITY OF NORTH VERNON
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
Recreation	2014	\$ 7,567
No. Vernon Redevelopment Comm.	2014	443,607

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation did not balance. As of December 31, 2014, the bank account reconciliation identified a cash short in the amount of \$1,806.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CLERK-TREASURER
CITY OF NORTH VERNON
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2016, with R. Shawn Gerkin, Clerk-Treasurer; Michael Ochs, Mayor; Ryan A. Curry, Airport Director; and Rita L. Elmore, Deputy Clerk-Treasurer.

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AVIATION COMMISSION
CITY OF NORTH VERNON

AVIATION COMMISSION
CITY OF NORTH VERNON
FEDERAL FINDING

FINDING 2014-003 - DAVIS-BACON ACT AND EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Transportation

Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Numbers and Years (or Other Identifying Numbers): AIP-13-18-0063-15, AIP-3-18-0063-16

Condition

Management of the City had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirements: Davis-Bacon Act and Equipment and Real Property Management.

Davis-Bacon Act

A consultant was hired to monitor compliance with the Davis-Bacon Act requirements of the grant. There was no documentation that the City reviewed or provided oversight of the consultant's work.

Equipment and Real Property Management

Physical inventories were completed by the City's department heads. There was no control in place to ensure physical inventories were properly completed.

Context

The lack of internal controls was a systematic problem affecting all grant awards listed above.

Criteria

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. . . ."

AVIATION COMMISSION
CITY OF NORTH VERNON
FEDERAL FINDING
(Continued)

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



CITY OF NORTH VERNON

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RITA L. ELMORE, ASST. CLERK-TREASURER

CORRECTIVE ACTION PLAN

RE: FINDING 2014-003

DAVIS-BACON ACT AND EQUIPMENT AND REAL PROPERTY MANAGEMENT

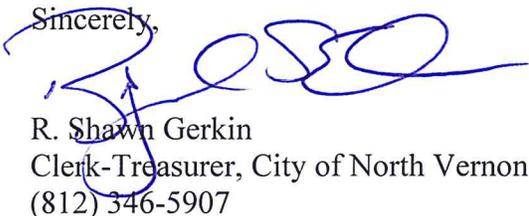
View of Responsible Official: We agree with the finding.

Corrective Action:

We will continue to use hired consultants to monitor compliance with the Davis-Bacon Act requirements of any grant. However, the City will now have a member of the clerk treasurer's office review the consultant's work on a regular basis. The City of North Vernon's small staff makes it impractical to have a perfect situation in regards to an ideal segregation of duties, but we will continue to strive to look for better ways to avoid potential noncompliance with grants.

ANTICIPATED COMPLETION DATE: IMMEDIATELY

Sincerely,



R. Shawn Gerkin
Clerk-Treasurer, City of North Vernon
(812) 346-5907

AVIATION COMMISSION
CITY OF NORTH VERNON
AUDIT RESULT AND COMMENT

DEPOSITS

The Aviation Commission receipts were deposited later than the next business day in 40 percent of the receipts tested.

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 . . ."

AVIATION COMMISSION
CITY OF NORTH VERNON
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2016, with Ryan A. Curry, Airport Director; R. Shawn Gerkin, Clerk-Treasurer; and Michael Ochs, Mayor.

PARKS AND RECREATION
CITY OF NORTH VERNON

PARKS AND RECREATION
CITY OF NORTH VERNON
AUDIT RESULTS AND COMMENTS

FEES

Documentation was not presented for audit to indicate that the Parks and Recreation Board approved the fee schedule in use by the Parks and Recreation Department during 2014.

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)

INTERNAL CONTROLS

The Parks and Recreation Department's (Department) internal controls over receipts were insufficient. The Department collects receipts and remits them to the Clerk-Treasurer for deposit. Individual receipts were not written for sports registration fees that were paid online. Records were not presented to identify which receipt numbers and online registration fees were included in the report of collections remitted to the Clerk-Treasurer. We were unable to determine if collections were remitted timely and intact.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PARKS AND RECREATION
CITY OF NORTH VERNON
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2016, with Chad R. Speer, Parks and Recreation Director; R. Shawn Gerkin, Clerk-Treasurer; and Michael Ochs, Mayor.