

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF VINCENNES

KNOX COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
03/13/2017

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SCHEDULE OF OFFICIALS

Clerk-Treasurer	David L. Culp Sharon K. Meek	01-01-12 to 12-31-15 01-01-16 to 12-31-19
Mayor	Joe Yochum	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Joe Yochum	01-01-12 to 12-31-19
President Pro Tempore of the Common Council	Duane Chattin Shirley S. Rose Scott Brown	01-01-14 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17
Vincennes Water General Manager	L. Kirk Bouchie	01-01-14 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF VINCENNES, KNOX COUNTY, INDIANA

This report is supplemental to our audit report of the City of Vincennes (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 Finding, identified in the above referenced audit report, is 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 Finding 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

January 25, 2017

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CLERK-TREASURER
CITY OF VINCENNES

CLERK-TREASURER
CITY OF VINCENNES
FEDERAL FINDING

**FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL
TRANSACTIONS AND REPORTING - CLERK-TREASURER**

Condition

There were deficiencies in the internal control system of the Clerk-Treasurer's office related to financial transactions. The Clerk-Treasurer had not separated incompatible activities related to receipts, disbursements (including payroll), and cash and investment balances. Procedures established were as follows:

1. Receipts. The 2nd Deputy Clerk-Treasurer wrote receipts, posted receipts, and made bank deposits with no oversight.
2. Vendor disbursements. The 1st Deputy Clerk-Treasurer reviewed claims, posted disbursements, and performed bank reconciliations with no oversight.
3. Payroll disbursements. The Chief Deputy Clerk-Treasurer prepared the payroll claims, calculated payroll, prepared checks, posted payroll disbursements, and reconciled the payroll bank account with no oversight.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the publication, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. This includes control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner, whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the City had not established a proper system of internal control over duties in the Clerk-Treasurer's office.

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.



VINCENNES CITY
CLERK-TREASURER
203 Vigo Street
Vincennes, IN 47591

Sharon K. Meek
Clerk-Treasurer
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CORRECTIVE ACTION PLAN

FINDING 2014 – 001

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING- CLERK TREASURER

Description of corrective action plan –

1. RECEIPTS: On January 1, 2016 when I became Vincennes City Clerk Treasurer, I put Internal Controls into place. There is no longer one person taking in receipts, checking the reports and taking the money to the bank. At any given time any employee from the office will receipt money, balance the daily report and walk the money across the street to the bank.
2. DISBURSEMENTS: The deputy that reviews and pays the claims is not the person who performs the bank reconciliations. I, the clerk treasurer, have started performing the bank reconciliations along with Tami Burke and Samantha McCrary.
3. PAYROLL DISBURSEMENT: Tami Burke does perform the payroll duties, however, the bank reconcilements are performed by any of the three mentioned above. We all work together and it is based on who has the free time to reconcile at any given time.

A handwritten signature in cursive script that reads "Sharon K. Meek".

Sharon K Meek
Vincennes City Clerk Treasurer
812-882-6426

CLERK-TREASURER
CITY OF VINCENNES
AUDIT RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

The City paid penalties, interest, and other charges to a finance company in the amount of \$2,828 due to the late remittance of one payment.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

OVERDRAWN CASH BALANCES

The financial statement presented for audit included the following non-reimbursement grant funds with overdrawn cash balances at December 31, 2014:

Fund	Amount Overdrawn
Fire Department	\$ 685
Urban Enterprise Zone	2
Pay - State Withholding	949

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
CITY OF VINCENNES
EXIT CONFERENCE

The contents of this report were discussed on January 25, 2017, with Sharon K. Meek, Clerk-Treasurer; Joe Yochum, Mayor; and Scott Brown, President Pro Tempore of the Common Council.