

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF MOUNT VERNON

POSEY COUNTY, INDIANA

January 1, 2021 to December 31, 2022



FILED
08/14/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Result and Comment:	
Internal Control - Financial Close and Reporting	6
Exit Conference	7
Utility Office:	
Audit Result and Comment:	
Internal Control - Financial Close and Reporting	10
Exit Conference	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cristi L. Sitzman	01-01-21 to 12-31-23
Mayor	G. William Curtis	01-01-21 to 12-31-23
President of the Board of Public Works	G. William Curtis	01-01-21 to 12-31-23
President Pro Tempore of the Common Council	Andy Hoehn	01-01-21 to 12-31-23
Superintendent of Utilities	Charles E. Gray	01-01-21 to 12-31-23
Utilities Bookkeeper	Whittni Dike Veronica Davis	01-01-21 to 03-30-22 03-31-22 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE CITY OF MOUNT VERNON, POSEY COUNTY, INDIANA

This report is supplemental to the audit report of the City of Mount Vernon (City), for the period from January 1, 2021 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with the Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at www.in.gov/sboa/.

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 Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

July 25, 2023

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CLERK-TREASURER
CITY OF MOUNT VERNON

CLERK-TREASURER
CITY OF MOUNT VERNON
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS - FINANCIAL CLOSE AND REPORTING

A similar comment appeared in the prior report B58460, entitled *ANNUAL FINANCIAL REPORT*.

Condition and Context

The City did not have a proper system of internal controls in place over financial close and reporting to prevent, or detect and correct, errors. The City's Utilities submit information to the Clerk-Treasurer to be entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report and the financial statement. There was no evidence of any oversight, review, or approval process of this information by the Utilities, prior to submission to the Clerk-Treasurer, or by the City prior to it being submitted to Gateway, to ensure its accuracy.

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 manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate 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. . . ."

CLERK-TREASURER
CITY OF MOUNT VERNON
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2023, with Cristi L. Sitzman, Clerk-Treasurer; G. William Curtis, Mayor; Charles E. Gray, Superintendent of Utilities; Veronica Davis, Utility Bookkeeper; and Rusty Levings, Common Council member.

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UTILITY OFFICE
CITY OF MOUNT VERNON

UTILITY OFFICE
CITY OF MOUNT VERNON
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS - FINANCIAL CLOSE AND REPORTING

A similar comment appeared in the prior report B58460, entitled *ANNUAL FINANCIAL REPORT*.

Condition and Context

The Utilities did not have a proper system of internal controls in place over financial close and reporting to prevent, or detect and correct, errors. Financial information is provided by the Utilities to the Clerk-Treasurer to be entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report and the financial statement. There was no evidence of controls in place such as an oversight, review, or approval process to ensure the accuracy of this information submitted to the Clerk-Treasurer.

Criteria

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UTILITY OFFICE
CITY OF MOUNT VERNON
EXIT CONFERENCE

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