

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF WESTFIELD

HAMILTON COUNTY, INDIANA

January 1, 2021 to December 31, 2023



FILED

06/11/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cindy Gossard Marla Ailor	01-01-21 to 12-31-23 01-01-24 to 12-31-24
Mayor	J. Andrew Cook Scott A. Willis	01-01-21 to 12-31-23 01-01-24 to 12-31-24
President of the Board of Public Works and Safety	J. Andrew Cook Scott A. Willis	01-01-21 to 12-31-23 01-01-24 to 12-31-24
President Pro Tempore of the Common Council	Mike Johns Patrick T. Tamm	01-01-21 to 12-31-23 01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF WESTFIELD, HAMILTON COUNTY, INDIANA

This report is supplemental to the audit report of the City of Westfield (City), for the period from January 1, 2021 to December 31, 2023. 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 Statements Audit Report of the City, which provides our opinions on the City's financial statements. 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 Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

June 10, 2024

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CLERK-TREASURER
CITY OF WESTFIELD

CLERK-TREASURER
CITY OF WESTFIELD
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The City had not established effective internal controls over the AFR information entered into Gateway. A third-party entered the information into Gateway and sent an e-mail to the Clerk-Treasurer for review and for submission of the AFR. The Clerk-Treasurer reviewed and submitted the AFR; however, internal controls were not effective to ensure that the other information submitted was accurate.

Due to the lack of effective internal controls, the other information contained following errors:

Capital Assets

- Storm Water capital assets were understated by \$26,615,151.
- Governmental activities capital assets were understated by \$270,395,687.

Audit adjustments were proposed, accepted by the City, and made to the Other Information presented in the AFR.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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 WESTFIELD
AUDIT RESULTS AND COMMENTS
(Continued)

MOTOR VEHICLE HIGHWAY(MVH) - RESTRICTED FUNDS

A similar comment also appeared in prior Reports B56089 and B58759, entitled *MOTOR VEHICLE HIGHWAY RESTRICTED FUNDS*.

Condition and Context

The City did not establish the Motor Vehicle Highway (MVH) Fund and the MVH Restricted sub-fund with the standard appropriate fund numbers as established by the Indiana State Board of Accounts chart of accounts.

Criteria

The sub-fund will be referred to throughout this Directive as "MVH Restricted" and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and preservation purposes.

On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows:

...

Cities and Towns (prior to January 1, 2022)

Effective January 1, 2022

Fund 201 MVH
Fund 203 MVH Restricted

Fund 2201 Motor Vehicle Highway
Fund 2203 MVH Restricted

(State Examiner Directive 2018-2)

CONTRACT - DOWNTOWN WESTFIELD NEIGHBORHOOD ASSOCIATION

A similar comment also appeared in prior Report B58759, entitled *CONTRACT - DOWNTOWN WESTFIELD NEIGHBORHOOD ASSOCIATION*; and Reports B55979 and B56089, entitled *SUPPORTING DOCUMENTATION*.

Condition and Context

Payments were made in 2021 and 2022 to the Downtown Westfield Neighborhood Association (DWNA) in the amounts of \$32,000 and \$40,000, respectively. The 2023 payment was made in 2024. The original contract between the City and the DWNA had an initial term from September 2010 through December 2011. No formal written extension of the contract was ever made, and the contract continues on a month-to-month basis. The contract does not specify a dollar amount for the quarterly payments beyond the initial term, stating only "compensation for additional services will be subject to mutual agreement between the City and the DWNA." Therefore, the amounts paid were not supported by the contract or any other type of written agreement or amendment.

CLERK-TREASURER
CITY OF WESTFIELD
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
CITY OF WESTFIELD
EXIT CONFERENCE

The contents of this report were discussed on June 10, 2024, with Marla Ailor, Clerk-Treasurer; Scott A. Willis, Mayor; Chad Huff, Common Council member; Kerri Gagnon, Deputy Clerk-Treasurer, and Danielle Carey-Tolan, Deputy Mayor.