

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

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

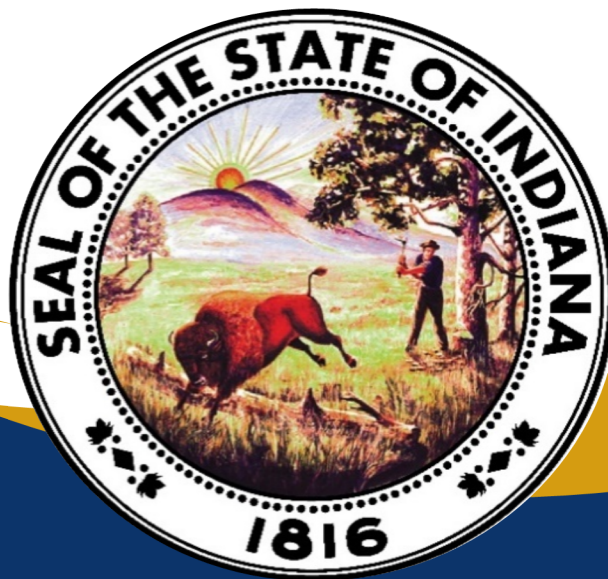
SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF MONROEVILLE

ALLEN COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
12/30/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kevin Wenger Bobbi Elston	01-01-20 to 12-31-23 01-01-24 to 12-31-24
President of the Town Council	Donald Gerardot	01-01-20 to 12-31-24
Utility Office Manager	Larry Oberley Daniel Reinhart	01-01-20 to 12-31-20 01-01-21 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE TOWN OF MONROEVILLE, ALLEN COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Monroeville (Town), for the period from January 1, 2020 to December 31, 2020. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with the Financial Statement Audit Report of the Town, which provides our opinions on the Town'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 Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

December 9, 2024



CLERK-TREASURER
TOWN OF MONROEVILLE

CLERK-TREASURER
TOWN OF MONROEVILLE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

A similar comment also appeared in prior Reports B48622, B54866, and 000000531S, entitled *INTERNAL CONTROLS*.

Condition and Context

The Town had not designed and implemented effective internal controls over receipts and state laws and uniform compliance guidelines.

Receipts

Throughout the audit period, one person was responsible for collecting, issuing, depositing, and posting receipts without any oversight, review, or approval process in place.

State Laws and Uniform Compliance Guidelines

The lack of effective internal controls allowed the following noncompliance issues to go undetected during the audit period:

- Deposit of Accountable Items
- Receipt Issuance
- Utility Billing Errors
- Credit Cards
- Motor Vehicle Highway (MVH) - Restricted Fund

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
TOWN OF MONROEVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

DEPOSIT OF ACCOUNTABLE ITEMS

Condition and Context

Of the 63 bank deposits selected for testing, 41, totaling \$70,427, did not have a detailed listing of the deposit to support the deposit ticket, which would include the makeup of the deposit, such as checks, money orders, or currency. Therefore, it could not be determined whether the deposits were made intact.

Additionally, of the 63 bank deposits selected for testing, 5 did not agree with the utility collections supporting documentation, for a total variance of \$55.

Criteria

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the unit. The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payers. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 1)

RECEIPT ISSUANCE

A similar comment also appeared in prior Reports B54866 and 000000531S, entitled *CONDITION OF RECORDS*.

Condition and Context

Throughout the audit period, the bank frequently collected customer utility payments on the Town's behalf and deposited the money into the Town's utility collections bank account. However, the funds were not recorded in the Town's ledger until the end of the month when the Clerk-Treasurer posted total monthly collections to the Utility Collection clearing fund. Collections were not posted to the individual utility funds until the Clerk-Treasurer transferred the prior month's collections to the designated utility operating funds.

Criteria

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF MONROEVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

UTILITY BILLING ERRORS

A similar comment also appeared in prior Report 000000531S, entitled *UTILITY BILLING ERRORS*.

Condition and Context

Out of the 25 billings tested, 2 were not calculated according to the Town's local rate ordinance, resulting in customer undercharges. One customer was undercharged \$4 for solid waste service, and another was undercharged for both solid waste service and wastewater service, in the amount of \$4, and \$54, respectively.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CREDIT CARDS

A similar comment also appeared in prior Reports B48622, B54866, and 000000531S, entitled *CREDIT CARDS*.

Condition and Context

Out of ten credit card payments tested, four, totaling \$731, did not have sufficient documentation, such as receipts and invoices, to support the charges listed on the related credit card statements.

Additionally, of the ten credit card payments tested, \$64 in sales tax was paid on three of the related purchases.

Criteria

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance /resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.

CLERK-TREASURER
TOWN OF MONROEVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Sales taxes that are paid on qualifying purchases 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)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

A similar comment also appeared in prior Report 000000531S, entitled *MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND*.

Condition and Context

The Town did not establish an MVH Restricted Fund as required by State Examiner Directive 2018-2. The Town created object code 990 named "230 - MVH Restricted Fund" within the Motor Vehicle Highway Fund, and, as a result, the MVH Restricted Fund was not separately shown on the Annual Financial Report during the audit period. As the separate MVH Restricted fund was not created, \$23,440 of state distribution receipts intended for the MVH Restricted fund were incorrectly recorded in the Motor Vehicle Highway fund.

Criteria

The purpose of this Directive is to authorize and require counties, cities, and towns that receive distributions from the State Motor Vehicle Highway Account to **create a new sub-fund within the MVH Fund** to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018.

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:

CLERK-TREASURER
TOWN OF MONROEVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

Cities and Towns

Fund	201 MVH
Fund	203 MVH Restricted

Together, MVH and MVH Restricted shall constitute the total MVH Fund. MVH and MVH Restricted will be shown separately on the Annual Financial Report.

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. . . .

(State Examiner Directive 2018-2)

CLERK-TREASURER
TOWN OF MONROEVILLE
EXIT CONFERENCE

The contents of this report were discussed on December 9, 2024, with Bobbi Elston, Clerk-Treasurer; Donald Gerardot, President of the Town Council; Richard Stephenson, Town Council member; and Tim Berry, Town Council member.