

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF BEDFORD

LAWRENCE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

09/05/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marsha Pfeiffer (Vacant) Billie Turney	01-01-23 to 02-01-23 02-02-23 to 02-12-23 02-13-23 to 12-31-24
Mayor	Samuel J. Craig	01-01-23 to 12-31-24
President of the Board of Public Works and Safety	Samuel J. Craig	01-01-23 to 12-31-24
President Pro Tempore of the Common Council	Judy Carlisle	01-01-23 to 12-31-24
Utility Office Manager	Misty Adams	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF BEDFORD, LAWRENCE COUNTY, INDIANA

This report is supplemental to the audit report of the City of Bedford (City), for the period from January 1, 2023 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 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 Result and Comment contained herein describes the identified reportable instance 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

August 21, 2024

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CLERK-TREASURER
CITY OF BEDFORD

CLERK-TREASURER
CITY OF BEDFORD
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT

A similar comment appeared in prior Report 000000834S, entitled *ANNUAL FINANCIAL REPORT*.

Condition and Context

Financial 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. The City did not properly review the federal grant information prepared and submitted in Gateway. Although the Clerk-Treasurer entered the federal award information into Gateway, and the Deputy Clerk-Treasurer reviewed and approved the information entered, the internal controls were not effective and did not detect and allow correction of errors prior to submission.

Due to ineffective internal controls, the AFR contained the following errors:

Grant Schedule

The grant schedule as reported on Gateway contained errors. One grant was materially overstated by \$154,404. Three other grants had individually immaterial errors that resulted in misstatements of expenditures of \$98,404 in total.

Audit adjustments were proposed, accepted by the City, and made to the Schedule of Expenditures of Federal Awards presented in the Federal Compliance Audit Report of the City.

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 as set forth in the uniform compliance guidelines. 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 BEDFORD
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2024, with Billie Tumey, Clerk-Treasurer; Samuel J. Craig, Mayor; Judy Carlisle, President Pro Tempore of the Common Council; and Maleah McCart, Deputy Clerk-Treasurer.