

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF NEW ALBANY

FLOYD COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

09/17/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Linda Moeller	01-01-23 to 12-31-24
Mayor	Jeff Gahan	01-01-23 to 12-31-24
President of the Board of Public Works and Safety	Mickey Thompson	01-01-23 to 12-31-24
President of the Common Council	Jennie E. Collier Adam T. Dickey	01-01-23 to 12-31-23 01-01-24 to 12-31-24
Utility Office Manager	April Dickey	01-01-23 to 12-31-24
President of the Redevelopment Authority Board	Terrance D. Becker	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF THE CITY OF NEW ALBANY, FLOYD COUNTY, INDIANA

This report is supplemental to the audit report of the City of New Albany (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 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

August 29, 2024

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CITY CONTROLLER
CITY OF NEW ALBANY

CITY CONTROLLER
CITY OF NEW ALBANY
AUDIT RESULT AND COMMENT

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

A similar comment appeared in prior Reports B57908, B60290, and 000000192S, entitled *MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND*.

Condition and Context

Internal controls were not in place, or effective, to ensure compliance with Indiana Code 8-14-1-5(c). A review of disbursements paid from the Motor Vehicle Highway Restricted fund showed that they were all for payroll related expenses. There was a lack of supporting documentation to determine if all payroll related expenses paid from the Motor Vehicle Highway Restricted fund were for construction, reconstruction, or preservation.

Criteria

Indiana Code 8-14-1-5(c) states: "Except as provided in subsection (d), for funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

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. . . ."

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)



City of New Albany, Indiana
Linda Moeller
City Controller

OFFICIAL RESPONSE

Date: September 13, 2024

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Motor Vehicle Highway (MVH) Restricted Fund

The 2022 Finding took place in the 2023 Audit not allowing for corrective planning in 2023. In 2024 the City made appropriate budget changes so that the MVH Restricted Fund would no longer pay for expenses unrelated to paving.

Linda Moeller
City Controller

Anticipated Completion Date: Done

CITY CONTROLLER
CITY OF NEW ALBANY
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2024, with Linda Moeller, City Controller; Shane Gibson, City Corporate Counsel; Adam T. Dickey, President of the Common Council; Elaine Murphy, Common Council member; Gregg H. Phipps, Common Council member; Stefanie Griffith, Common Council member; Chris FitzGerald, Common Council member; and Scott A. Blair, Common Council member.

CITY STREET DEPARTMENT
CITY OF NEW ALBANY

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EXIT CONFERENCE

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