

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

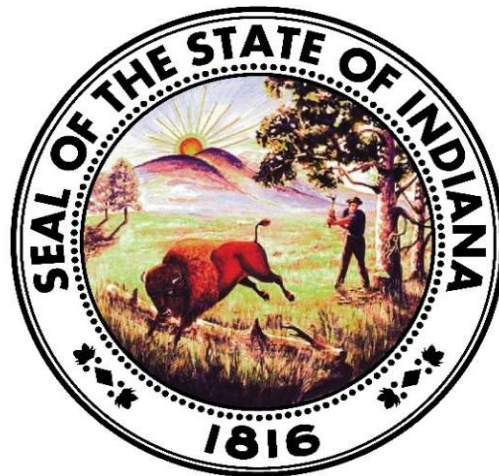
SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF COLUMBUS

BARTHOLOMEW COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**  
08/13/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Luann Welmer	01-01-23 to 12-31-23
Controller	Regina D. McIntyre	01-01-24 to 12-31-24
Mayor	James D. Lienhoop Mary K. Ferdon	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President of the Board of Public Works and Safety	James D. Lienhoop Mary K. Ferdon	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President Pro Tempore of the Common Council	Grace Kestler	01-01-23 to 12-31-23
President of the Common Council	Frank Miller	01-01-24 to 12-31-24
Superintendent of Utilities	Roger Kelso	01-01-23 to 12-31-24
Manager of Finance and Business Operations	(Vacant) Jamie Brinegar (Vacant)	01-01-23 to 04-02-23 04-03-23 to 06-07-24 06-08-24 to 07-10-24
Airport Director	Brian Payne	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 COLUMBUS, BARTHOLOMEW COUNTY, INDIANA

This report is supplemental to the audit report of the City of Columbus (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/](http://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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE  
Deputy State Examiner

July 10, 2024

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CITY WATER AND WASTEWATER UTILITIES  
CITY OF COLUMBUS

CITY WATER AND WASTEWATER UTILITIES  
CITY OF COLUMBUS  
AUDIT RESULT AND COMMENT

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

A similar comment also appeared in prior Reports B57914, B59793, and 000000536S entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS*.

*Condition and Context*

The Water and Wastewater Utilities (Utilities) had not developed a proper system of internal controls to ensure that transactions were posted timely and in the correct accounting period. Internal controls over the monthly reconcilements of the depository balance to the financial records for the Utilities were not effective.

Bank reconcilements of the Utility funds were performed by the lead accountant, with guidance for adjustments and reconciling items from a consultant. Someone other than the preparer then reviewed and approved the monthly reconciliation. However, the internal control was not effective in ensuring bank reconcilements and the necessary corrections were completed timely. Monthly bank reconcilements for 2023 were not completed until 2024. The adjustments identified during the bank reconciliation process had not been made to the City's ledger as of June 24, 2024.

*Criteria*

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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:

CITY WATER AND WASTEWATER UTILITIES  
CITY OF COLUMBUS  
AUDIT RESULT AND COMMENT  
(Continued)

"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. . . ."

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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)



July 18, 2024

To Whom It May Concern,

Please find this letter as an official response to the results and comments from the 2023 Indiana State Board of Accounts audit.

**Summary of Finding:**

The City had not established effective internal controls over financial transactions that would likely be effective in preventing, or detecting and correcting, errors and noncompliance. Reconciling items and variances on the monthly bank reconciliations were not being resolved timely. Year-end adjustments were not posted in a timely manner.

Contact Person Responsible for Corrective Action: Regina D. McIntyre, CPA  
Contact Phone Number and Email Address: 812-376-2595 (phone); rmcintyre@columbus.in.gov (email)

**Views of Responsible Officials:**

We concur with the finding.

**Description of Corrective Action Plan:**

The City Finance Department will work closely with the Columbus City Utilities department to ensure appropriate internal controls are established and maintained in reconciling the monthly bank accounts effectively, correctly, and timely.

Currently, all adjusting journal entries, the reconciliation paperwork, and supporting schedules are sent to the City Finance department for review and finalization within the financial system as well as onto the Gateway public record management system. These reconciliations are reviewed and approved by the Senior Accounting Specialist and the City Controller.

The CCU department is currently using a third party public financial consulting firm to assist in oversight of process design and training for the bank reconciliation process, especially as the department has recently implemented a new billing system. The department along with the City Finance department will work to ensure a transition plan to an independent process for bank reconciliation without the use of a third party oversight.

**Anticipated Completion Date:**

The anticipated completion date for the above action plan should be completed no later than December 31, 2024.

Kind Regards,

A handwritten signature in blue ink that reads 'Regina D. McIntyre, CPA'.

Regina D. McIntyre, CPA  
City Controller

CITY WATER AND WASTEWATER UTILITIES  
CITY OF COLUMBUS  
EXIT CONFERENCE

The contents of this report were discussed on July 10, 2024, with Mary K. Ferdon, Mayor; Regina D. McIntyre, Controller; Luann Welmer, former Clerk-Treasurer; Kimberly Sweet, Senior Accounting Specialist; Benjamin Reinhart, Senior Accounting Specialist; Roger Kelso, Superintendent of Utilities; Frank Miller, President of the Common Council; and Eric Frey, Executive Director of Administration.