

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF NEW HAVEN

ALLEN COUNTY, INDIANA

January 1, 2016 to December 31, 2016



FILED
09/23/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brenda Adams	01-01-16 to 12-31-19
Mayor	Terry McDonald	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Terry McDonald	01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Craig Dellinger	01-01-16 to 12-31-17
Superintendent of Utilities and Streets	Dave Jones	01-01-16 to 12-31-17
Utility Office Manager	Jill Cain	01-01-16 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF NEW HAVEN, ALLEN COUNTY, INDIANA

This report is supplemental to our audit report of the City of New Haven (City), for the period from January 1, 2016 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the City, which provides our opinions on the City's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Result and Comment as described below.

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 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 Corrective Action Plan for the Federal Finding and Official Response to the Audit Result and Comment, incorporated within this report, were not verified for accuracy.

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

August 30, 2016

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CLERK-TREASUER
CITY OF NEW HAVEN

CLERK-TREASUER
CITY OF NEW HAVEN
FEDERAL FINDING

FINDING 2016-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Finding: Material Weakness

Condition

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Clerk-Treasurer entered and submitted federal award information within the City's Annual Financial Report on the Indiana Gateway for Government Units (Gateway), which was used to compile the City's SEFA. There was no evidence of a control, such as oversight, review, or approval process by the City.

Context

The Clerk-Treasurer maintained and prepared a grant schedule that was input into Gateway at the end of the year; however, it could not be verified that anyone reviewed this information before it was submitted.

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.

CLERK-TREASURER
CITY OF NEW HAVEN
FEDERAL FINDING
(Continued)

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. . . ."

Cause

Management of the City had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have remained undetected.

Recommendation

We recommended that management of the city establish and implement internal controls, including segregation of duties, over the submission of the grant schedule information to ensure proper reporting of the SEFA.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

CITY OF NEW HAVEN

815 LINCOLN HWY EAST
P.O. Box 570



NEW HAVEN, INDIANA 46774

CORRECTIVE ACTION PLAN

FINDING: 2016-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards

Audit Finding: Material Weakness

Contact Person Responsible for Corrective Action: Brenda Adams, Clerk Treasurer

Contact Phone Number (260) 748-7000

The City of New Haven has put in place a system of internal control to prevent, detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The system is effective for the 2017 reporting period and includes the segregation of duties over the preparation and review of the SEFA to ensure completeness and accuracy.

Anticipated Completion Date: December 31, 2017

Signed: Brenda Adams

Brenda Adams, Clerk Treasurer

Date: 8/22/2017

CLERK-TREASUER
CITY OF NEW HAVEN
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2017, with Brenda Adams, Clerk-Treasurer; Terry McDonald, Mayor; Craig Dellinger, President Pro Tempore of the Common Council; and Sarah DiGangi, Council member.

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EMERGENCY MEDICAL SERVICES
CITY OF NEW HAVEN

EMERGENCY MEDICAL SERVICES
CITY OF NEW HAVEN
AUDIT RESULT AND COMMENT

EMS - CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Emergency Medical Service (EMS) accounts receivable function and the related revenues, contractual allowance, and bad debt reports. The records presented did not provide sufficient information to examine or establish accounts receivable balances or the accuracy or correctness of the related transactions. Some of the deficiencies are noted below.

The EMS accounts receivable printouts were deficient. The various reports should all have the same accounts receivable balance at any point in time. The accounts receivable balance as of December 31, 2016, per the accounts receivable control, did not agree with the accounts receivable detail on the reports listed below:

Accounts Receivable Overall Summary Report (Control)
Billings Receivable Report (Detail)
Open Accounts Receivable Report (Detail)

Similar comments have appeared several prior Reports, most recently B46976 entitled *EMS - CONDITION OF RECORDS*.

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 Cities and Towns, Chapter 1)

EMERGENCY MEDICAL SERVICES
CITY OF NEW HAVEN
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2017, with Robert Atkinson, EMS Director; Brenda Adams, Clerk-Treasurer; Terry McDonald, Mayor; Craig Dellinger, President Pro Tempore of the Common Council; and Sarah DiGangi, Council member.