

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF MOUNT VERNON

POSEY COUNTY, INDIANA

January 1, 2014 to December 31, 2016



FILED
10/30/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Park and Recreation Department:	
Examination Results and Comments:	
Park Office and Community Center Internal Controls over Receipts	6
Community Center Concession Receipts	6-7
Brittlebank Pool Retention of Records	7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cristi L. Sitzman	01-01-12 to 12-31-19
Mayor	John Tucker G. William Curtis	01-01-12 to 02-29-16 03-01-16 to 12-31-19
President of the Board of Public Works	John Tucker G. William Curtis	01-01-12 to 02-29-16 03-01-16 to 12-31-19
President Pro Tempore of the Common Council	G. William Curtis Rebecca Higgins	01-01-14 to 02-29-16 03-01-16 to 12-31-17
President of the Water Utility Board	G. William Curtis Rebecca Higgins	01-01-14 to 02-29-16 03-01-16 to 12-31-17
Superintendent of Utilities	Chuck Gray	07-16-16 to 12-31-17
Superintendent of Water Utility	Chuck Gray	01-01-14 to 07-15-16
Superintendent of Wastewater Utility	Rodney Givens (Vacant)	01-01-14 to 01-31-16 02-01-16 to 07-15-16
Utility Office Manager	Deann Blackburn	01-01-14 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE CITY OF MOUNT VERNON, POSEY COUNTY, INDIANA

This report is supplemental to our examination report of the City of Mount Vernon (City), for the period from January 1, 2014 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statements Examination Report of the City, which provides our opinion on the City's financial statements. 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 Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

September 13, 2017

(This page intentionally left blank.)

PARK AND RECREATION DEPARTMENT
CITY OF MOUNT VERNON

PARK AND RECREATION DEPARTMENT
CITY OF MOUNT VERNON
EXAMINATION RESULTS AND COMMENTS

PARK OFFICE AND COMMUNITY CENTER INTERNAL CONTROLS OVER RECEIPTS

An effective internal control system, which would include segregation of duties, was not in place at the Park and Recreation Department Office or in the Community Center in order to ensure compliance with requirements related to receipts. In both the Department Office and in the Community Center, one individual in each office performed all duties related to receipting with no oversight or controls.

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. . . ."

COMMUNITY CENTER CONCESSION RECEIPTS

The Parks and Recreation Community Center operated a concession stand during the nonsummer months when the pool was closed. Records for the collections made for the sale of items at the stand were not properly utilized. Community Center employees did not issue individual receipts and did not use a cash register to record sales. An inventory of items purchased for sale was not maintained, nor was an itemized list of the items, and their quantities, sold from the concession stand. Therefore, the receipts from the concession sales could not be verified to determine when the monies were actually received, if monies were deposited intact, or if all receipts were appropriately accounted for. In addition, throughout the entire examination period, deposits to the bank were made zero to two times per month for the sale of goods from the concession stand.

Similar comments also appeared in prior Report B44215 entitled, *RECEIPT ISSUANCE and DEPOSITS*.

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

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)

PARK AND RECREATION DEPARTMENT
CITY OF MOUNT VERNON
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-13-6-1(d) states in part:

"Except as provided in subsection (g), a city . . . shall deposit funds not later than the next business day following the receipt of the funds in depositories:

- (1) Selected by the city . . . as provided in an ordinance adopted by the city; and
- (2) Approved as depositories of state funds."

Indiana Code 5-13-6-1(g) states:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500):

- (1) An office of the legislative branch of state government.
- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d).

However, the funds on hand must be deposited not later than the business day following the day that the funds exceed five hundred dollars (\$500)."

BRITTLEBANK POOL RETENTION OF RECORDS

Brittlebank Pool receives monies from the sale of concession stand items. Customer order tickets and cash register tapes were provided to support the receipt amounts for 2014. However, no such records supporting receipts were retained or presented for examination for 2015 or 2016.

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)

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

PARK AND RECREATION DEPARTMENT
CITY OF MOUNT VERNON
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2017, with Cristi L. Sitzman, Clerk-Treasurer; Michael Harshbarger, Park Director; G. William Curtis, Mayor; Mark Pharr, Council member; and Larry Williams, Council member.