

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF BATESVILLE

RIPLEY COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
03/01/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Examination Results and Comments:	
Internal Controls	6
Bank Account Reconciliations	6
Exit Conference	7

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ronald C. Weigel Paul Gates	01-01-12 to 12-31-15 01-01-16 to 12-31-19
Mayor	Richard C. Fledderman Gene Lambert Michael Bettice	01-01-12 to 08-25-15 08-26-15 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Richard C. Fledderman Gene Lambert Michael Bettice	01-01-12 to 08-25-15 08-26-15 to 12-31-15 01-01-16 to 12-31-19
President of the Common Council	Gene Lambert (Vacant) Kevin Chaffee	01-01-12 to 10-11-15 10-12-15 to 12-31-15 01-01-16 to 12-31-18
Chairman of the Utility Service Board	Sue A. Seifert Arnold Kirschner	01-01-12 to 12-31-15 01-01-16 to 12-31-18
Comptroller of Gas and Water Utilities	Douglas Browne	01-01-12 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF BATESVILLE, RIPLEY COUNTY, INDIANA

This report is supplemental to our examination report of the City of Batesville (City), for the period from January 1, 2012 to December 31, 2015. 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

January 18, 2018

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CLERK-TREASURER
CITY OF BATESVILLE

CLERK-TREASURER
CITY OF BATESVILLE
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS

We identified the following deficiency in the internal control system of the City related to Financial Transactions and Reporting.

Lack of Segregation of Duties: The City had not separated incompatible activities related to Receipts, Disbursements and Cash and Investment Balances. The Deputy Clerk-Treasurer's responsibilities included issuing receipts, posting receipts, preparing bank deposits, writing checks, posting disbursements, processing payroll, posting payroll, and preparing monthly bank reconciliations.

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. . . ."

BANK ACCOUNT RECONCILIATIONS

Bank reconciliations presented for examination as of December 31, 2015, did not initially contain detailed information to verify \$23,058 in reconciling items to source documentation or the ledger. Additional information was subsequently provided to verify \$22,075, leaving the remaining unidentified variance at December 31, 2015, of \$983.

Bank reconciliations were not prepared timely. Errors noted on the reconciliations were not corrected timely. Of the 11 monthly bank reconciliations tested, 9 were not completed by the following month.

Bank reconciliations were not presented for the Gas & Water Retirement fund or the Microenterprise Inv. Fund.

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."

CLERK-TREASURER
CITY OF BATESVILLE
EXIT CONFERENCE

The contents of this report were discussed on January 18, 2018, with Paul Gates, Clerk-Treasurer; Michael Bettice, Mayor; Kevin Chaffee, President of the Common Council; Michelle Balsler, Deputy Clerk-Treasurer; Douglas Browne, Comptroller of Gas and Water Utilities; and Jay Reichmuth, Utility Service Board member.

The contents of this report were discussed on January 22, 2018, with Ronald C. Weigel, former Clerk-Treasurer.