

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF MONTICELLO

WHITE COUNTY, INDIANA

January 1, 2017 to December 31, 2017



FILED

08/09/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	James D. Mann	01-01-16 to 12-31-19
Mayor	Kenneth P. Houston	01-01-16 to 12-31-19
President of the Board Of Public Works	Grace Oilar Andy Harmon	01-01-17 to 12-31-17 01-01-18 to 12-31-18
President Pro Tempore of the Common Council	Doug Pepple	01-01-17 to 12-31-18
Superintendent of Water Utility	Rodney Pool	01-01-17 to 12-31-18
Superintendent of Wastewater Utility	David Downey	01-01-17 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF MONTICELLO, WHITE COUNTY, INDIANA

This report is supplemental to our audit report of the City of Monticello (City), for the period from January 1, 2017 to December 31, 2017. 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 our 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 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

July 19, 2018

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CLERK-TREASURER
CITY OF MONTICELLO

CLERK-TREASURER
CITY OF MONTICELLO
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

A similar comment appeared in prior Report B50636 entitled, *FINDING 2016-001 - FINANCIAL TRANSACTIONS AND REPORTING*.

There were deficiencies in the internal control system of the City related to financial transactions and reporting. The City had not separated incompatible activities related to financial reporting. The City had not established controls to ensure that the financial information prepared and submitted in the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the financial statement, was properly reviewed. One employee prepared and submitted the Gateway information without a system of oversight or review to detect and correct errors.

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. . . ."

CLERK-TREASURER
CITY OF MONTICELLO
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2018, with James D. Mann, Clerk-Treasurer; Kenneth P. Houston, Mayor; Doug Pepple, President Pro Tempore of the Common Council; Ralph Widmer, Common Council member; Michelle Mills, Deputy Clerk-Treasurer; and Mary Black, Second Deputy/Payroll Clerk.