

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF CONNERSVILLE

FAYETTE COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED
11/07/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie A. Greeson Rosemary Brown	01-01-12 to 12-31-15 01-01-16 to 12-31-19
Mayor	Leonard E. Urban Harold Gordon	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Leonard E. Urban Harold Gordon	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Dr. Gary E. Weber Fran Chomel Gabe Nobbe	01-01-13 to 12-31-13 01-01-14 to 12-31-15 01-01-16 to 12-31-18
Utility Office Manager	Karen L. Lore Cindy Lunsford	01-01-13 to 12-31-15 01-01-16 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF CONNERSVILLE, FAYETTE COUNTY, INDIANA

This report is supplemental to our audit report of the City of Connersville (City), for the period from January 1, 2013 to December 31, 2014. 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 opinion 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

October 2, 2018

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CLERK-TREASURER
CITY OF CONNERSVILLE

CLERK-TREASURER
CITY OF CONNERSVILLE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The City had not separated incompatible activities related to cash and investments, receipts, payroll disbursements, and reporting of financial transactions.

Cash and Investments

The Clerk-Treasurer was responsible for performing the monthly bank reconciliations without a proper system of oversight, review, or approval.

Receipts

One employee wrote receipts, posted receipts, prepared bank deposits, and had access to the accounting system to make adjustments without a proper system of oversight, review, or approval.

Payroll Disbursements

One employee entered payroll information into the accounting system without an oversight, review, or approval process to ensure the accuracy of the information entered.

Reporting of Financial Transactions

The Clerk-Treasurer uploaded financial information from the City's accounting software to the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report and the financial statement. There was no oversight, review, or approval process to ensure the accuracy of the information prior to submission.

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

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 CONNERSVILLE
EXIT CONFERENCE

The contents of this report were discussed on October 2, 2018, with Rosemary Brown, Clerk-Treasurer; Julie A. Greeson, former Clerk-Treasurer; Gabe Nobbe, President Pro Tempore of the Common Council; and Cindy Lunsford, Utility Office Manager.