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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF WESTFIELD

HAMILTON COUNTY, INDIANA

January 1, 2017 to December 31, 2017

FILED
12/06/2018

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SCHEDULE OF OFFICIALS

Office	Official	Term
Clerk-Treasurer	Cindy Gossard	01-01-16 to 12-31-19
Director of Public Works	Jeremy Lollar	01-01-17 to 12-31-18
Mayor	Andrew Cook	01-01-16 to 12-31-19
President of the Common Council	Jim Ake	01-01-17 to 12-31-18
President of the Board of Public Works and Safety	Andrew Cook	01-01-16 to 12-31-19

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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TO: THE OFFICIALS OF THE CITY OF WESTFIELD, HAMILTON COUNTY, INDIANA

This report is supplemental to our audit report of the City of Westfield (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 Federal Findings 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 Findings, identified in the above referenced audit report, are included in this report.

Any Corrective Action Plan for the Federal Findings, incorporated within this report, was not verified for accuracy.

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

November 15, 2018

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CLERK-TREASURER
CITY OF WESTFIELD

CLERK-TREASURER
CITY OF WESTFIELD
FEDERAL FINDING

FINDING 2017-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-001.

Condition

There were several deficiencies in the internal control system of the City related to financial transactions and reporting. The City had not established controls to ensure documented reviews related to receipts, disbursements, federal transactions, and reporting.

1. A financial consultant prepared and entered the cash and investment balances, receipts, and disbursements in the Indiana Gateway for Government Units financial reporting system, which was the source for the City's financial statement, without a documented review or oversight prior to submission.

2. On a monthly basis, the departments were expected to review amounts receipted to and disbursed from their funds, including federal transactions, to ensure that the amounts were posted to the correct fund. The City did not have documentation to support the departments' review of these transactions.

3. The City's Customer Service Center prepared daily collection reports, which were reviewed by the Clerk-Treasurer; however, the review was not documented.

Context

The lack of documented controls was a systemic issue, which occurred throughout the audit period.

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.

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 had not established a proper system of internal control over financial transactions and reporting.

Effect

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

Recommendation

We recommended that the City's management establish a system of internal controls, including segregation of duties, related to federal transactions and reporting.

Views of Responsible Officials

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

CITY OF
Westfield
INDIANA

November 8, 2018

Mayor
Andy Cook

City Council
Jim Ake
Steven Hoover
Robert L. Horkay
Chuck Lehman
Robert J. Smith
Cindy L. Spoljaric
Robert W. Stokes

Clerk Treasurer
Cindy J. Gossard

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact person Responsible for Corrective: Action: Cindy Gossard
Contact Phone Number: 317-557-9451

Views of Responsible Official: Agree

Description of Corrective Action Plan:

1. We will prepare and initial a form to indicate the Gateway entries have been reviewed and approved.
2. We will prepare and initial a form for the Department heads to indicate their review of their departments transactions
3. This has been corrected as of February 2018. The Clerk's office initials the daily collections report

Anticipated Completion Date: The above deficiencies will be corrected and in place by December 2018

Signature: Cindy Gossard
Title: Clerk Treasurer
Date: Nov 8, 2018

Clerk Treasurer's Office

(317) 804-3020 office
(317) 804-3024 fax

130 Penn Street
Westfield, IN 46074
westfield.in.gov

CLERK-TREASURER
CITY OF WESTFIELD
EXIT CONFERENCE

The contents of this report were discussed on November 15, 2018, with Cindy Gossard, Clerk-Treasurer; Jim Ake, President of the Common Council; Joe Edwards, Steve Hoover, and Cindy Spoljaric, Members of the Common Council; and Jeremy Lollar, Director of Public Works.

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PUBLIC WORKS DEPARTMENT
CITY OF WESTFIELD

PUBLIC WORKS DEPARTMENT
CITY OF WESTFIELD
FEDERAL FINDING

FINDING 2017-002

Subject: Highway Planning and Construction Cluster - Internal Controls
Federal Agency: Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Federal Award Numbers and Years (or Other Identifying Numbers): 1173100, 1173079, 1400864, 1173193, 1173468, 1500430 1500431, 1500429, 900029, 1500428, 1401707, 1298498
Pass-Through Entity: Indiana Department of Transportation
Compliance Requirements: Cash Management; Matching, Level of Effort, Earmarking; Period of Performance
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-002.

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Cash Management; Matching, Level of Effort, Earmarking; and Period of Performance compliance requirements.

Cash Management

The City did not review expenditures to ensure that federal funds were expended prior to claiming reimbursement.

Matching

Project expenditures and reports were not reviewed to ensure that the federal match was met.

Period of Performance

The City did not review expenditures to ensure that federal funds were expended within the period of performance.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the Cash Management; Matching, Level of Effort, Earmarking; and Period of Performance compliance requirements.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the Cash Management, Matching, Level of Effort, Earmarking, and Period of Performance compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls to ensure compliance with the grant agreement and the Cash Management; Matching, Level of Effort, Earmarking; and Period of Performance compliance requirements.

Views of Responsible Officials

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

CITY OF
Westfield
INDIANA

Mayor
Andy Cook

City Council
Jim Ake
Steven Hoover
Robert L. Horkay
Chuck Lehman
Robert J. Smith
Cindy L. Spoljaric
Robert W. Stokes

Clerk Treasurer
Cindy J. Gossard

CORRECTIVE ACTION PLAN

FINDING 2017-002 (Auditor Assigned Reference Number)

Contact person Responsible for Corrective Action: Jeremy Lollar
Contact Phone Number: 317-710-4783

Views of Responsible Official: Agree

Description of Corrective Action Plan:

Public Works will develop a process that addresses cash management, matching, and period of performance as it pertain to highway planning and construction grants. This process will address the internal controls process associated with management of these grants.

Anticipated Completion Date: 1/1/2019

Jeremy Lollar
Director of Public Works

Date: 11/8/2018

Clerk Treasurer's Office

(317) 804-3020 office
(317) 804-3024 fax

130 Penn Street
Westfield, IN 46074
westfield.in.gov

PUBLIC WORKS DEPARTMENT
CITY OF WESTFIELD
EXIT CONFERENCE

The contents of this report were discussed on November 15, 2018, with Jeremy Lollar, Director of Public Works; Cindy Gossard, Clerk-Treasurer; Jim Ake, President of the Common Council; Joe Edwards, Steve Hoover, and Cindy Spoljaric, Members of the Common Council.