

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF UNION CITY

RANDOLPH COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
02/20/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Anita M. Amspaugh Jeanette I. Walters	01-01-12 to 08-01-14 08-02-14 to 12-31-19
Mayor	Bryan K. Conklin	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Bryan K. Conklin	01-01-14 to 12-31-18
President Pro Tempore of the Common Council	Ronald N. Holt, Jr. James L. Hufford Robert W. Lahey Timothy L. Heuss	01-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18
City Manager	Monte G. Poling	01-01-14 to 12-31-18
City Court Judge	Honorable Linda D. Wilcox	01-01-12 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF UNION CITY, RANDOLPH COUNTY, INDIANA

This report is supplemental to our audit report of the City of Union City (City), for the period from January 1, 2014 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 Statements Audit 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 Audit 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

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

December 19, 2018

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CLERK-TREASURER
CITY OF UNION CITY

CLERK-TREASURER
CITY OF UNION CITY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER 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 payroll disbursements and financial reporting.

Payroll Disbursements

The Accounts Payable/Payroll Clerk was primarily responsible for the preparation and processing of payroll without an oversight, review, or approval process to ensure the accuracy of the information entered.

Financial Reporting

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 Reports and the financial statements. There was no oversight, review, or approval process to ensure the accuracy of the information prior to submission.

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 UNION CITY
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2018, with Jeanette I. Walters, Clerk-Treasurer; Anita M. Amspaugh, former Clerk-Treasurer; Timothy L. Heuss, President Pro Tempore of the Common Council; and James L. Hufford, City Council member.

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CITY COURT
CITY OF UNION CITY

CITY COURT
CITY OF UNION CITY
AUDIT RESULT AND COMMENT

COURT CLERK'S TRUST ITEMS OVER FIVE YEARS OLD

The same comment also appeared in prior Report B43999.

Our review of trust items on hand identified items that had been on hand for a period of five years or longer. The City Court (Court) had not maintained a Trust Ledger since 2005. There had not been any remittances to the Attorney General as of December 31, 2013. The Court Clerk had not implemented policies or procedures for reporting unclaimed property and remitting that property to the Attorney General after the five year holding period.

Indiana Code 32-34-1-20(c) states in part:

"Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . .

- (6) For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under IC 32-34-3. . . ."

Indiana Code 32-34-1-26(a) states:

"A holder of property that is presumed abandoned and that is subject to custody as unclaimed property under this chapter shall report in writing to the attorney general concerning the property. Items of value of less than fifty dollars (\$50) may be reported by the holder in the aggregate."

Indiana Code 32-34-1-27(a) states: "Except as provided in subsections (b) and (c), on the date a report is filed under section 26 of this chapter, the holder shall pay or deliver to the attorney general the property that is described in the report as unclaimed."

CITY COURT
CITY OF UNION CITY
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2018, with Jeanette I. Walters, Clerk-Treasurer; Anita M. Amspaugh, former Clerk-Treasurer; Timothy L. Heuss, President Pro Tempore of the Common Council; James L. Hufford, City Council member; and via email with the Honorable Linda D. Wilcox, City Court Judge.