

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF BEDFORD

LAWRENCE COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
07/11/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marsha Pfeiffer	07-29-16 to 12-31-19
Mayor	Shawna M. Girgis	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Shawna M. Girgis	01-01-18 to 12-31-19
President Pro Tempore of the Common Council	Byron L. Buker	01-01-18 to 12-31-19
Utilities Director	Misty Adams	01-01-18 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF BEDFORD, LAWRENCE COUNTY, INDIANA

This report is supplemental to our audit report of the City of Bedford (City), for the period from January 1, 2018 to December 31, 2018. 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 Finding, identified in the above referenced audit report, is included in this report.

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

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

June 4, 2019

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CLERK-TREASURER
CITY OF BEDFORD

CLERK-TREASURER
CITY OF BEDFORD
FEDERAL FINDING

FINDING 2018-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors during the financial close and reporting process. Financial information was entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the financial statement, by the Clerk-Treasurer with no evidence of an independent review, oversight, or approval process to ensure the accuracy of the information reported. There were no signatures of approval or other documentation to indicate that someone other than the Clerk-Treasurer was involved in the financial close and reporting process.

Context

The lack of controls was a systemic issue, which affected the entire financial close and reporting process.

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.

CLERK-TREASURER
CITY OF BEDFORD
FEDERAL FINDING
(Continued)

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 of the City had not established a proper system of internal control related to the financial close and reporting process.

Effect

The failure to establish a proper system of internal controls could have enabled misstatements or irregularities within the financial statement to remain undetected.

Recommendation

We recommended that the City's management establish and implement a system of internal controls related to the financial close and reporting process.

Views of Responsible Officials

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



Marsha Pfeiffer
BEDFORD CLERK-TREASURER
LAWRENCE COUNTY, INDIANA

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Marsha Pfeiffer
Contact Phone Number: 812-275-1606

Views of Responsible Official: I agree there was not a signoff indicating more than one person reviewed the Annual Report but this was not the case. All financial transactions including receipts and expenditures are balanced monthly. The Clerk-Treasurer and 1st Deputy review the monthly data for accuracy and signoff. The monthly records are then required to be uploaded to Gateway under "Monthly and Annual Engagement Uploads" for review by SBOA. At year end the accumulation of the monthly records are uploaded to the Annual Financial Report. In order to ensure the financial information entered in the Annual Financial Report is correct, I continually include the 1st Deputy to review the information along with myself. This has been the process every year. I believe it is evident from our records that I/we are diligent in our efforts to ensure all financial information is reported correctly.

Description of Corrective Action Plan:

Additional Internal Controls will be implemented for the reporting process on the Annual Financial Report. After all data has been uploaded to the Annual Financial Report, the Clerk Treasurer and 1st Deputy will review the information entered for accuracy. Once the information has been analyzed, a copy of the completed Annual Financial Report will be printed and a signoff by Clerk Treasurer and 1st Deputy will be required to ensure all financial information is correct.

Anticipated Completion Date: 05/23/2019
(AFR will be completed in 2020 but the new process will be discussed and implemented as of this date.)

Marsha Pfeiffer

Signature

Clerk-Treasurer

Title

5/23/19

Date

CLERK-TREASURER
CITY OF BEDFORD
EXIT CONFERENCE

The contents of this report were discussed on June 4, 2019, with Meleah McCart, First Deputy Clerk-Treasurer; Shawna M. Girgis, Mayor; and Byron L. Buker, President Pro Tempore of the Common Council.