

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF CHARLESTOWN

CLARK COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
04/07/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna Coomer	01-01-16 to 12-31-23
Mayor	G. Robert Hall Treva E. Hodges	01-01-16 to 12-31-19 01-01-20 to 12-31-23
President of the Board of Public Works	G. Robert Hall Treva E. Hodges	01-01-16 to 12-31-19 01-01-20 to 12-31-23
President Pro Tempore of the Common Council	Eric Vaughn Ted Little Brian Hester	01-01-17 to 01-31-18 02-01-18 to 12-31-19 01-01-20 to 12-31-20
Superintendent of Utilities	Mike Perry	01-01-17 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF CHARLESTOWN, CLARK COUNTY, INDIANA

This report is supplemental to our audit report of the City of Charlestown (City), for the period from January 1, 2017 to December 31, 2018. 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

March 12, 2020

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CLERK-TREASURER
CITY OF CHARLESTOWN

CLERK-TREASURER
CITY OF CHARLESTOWN
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS - RECEIPTS

Condition and Context

The City had not separated incompatible activities related to receipts. One of the Deputy Clerk-Treasurers collected the money, prepared the receipts, posted the receipts to the financial ledger, and made up the bank deposit slips. There was no segregation of duties, such as an oversight, review, or approval process, to ensure all receipts had been properly accounted for.

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. . . ."

City of Charlestown

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812-256-7126

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Re: OFFICIAL RESPONSE

During our recent audit report, SBOA recommended segregating the receipting process by having another employee review the printed receipts and confirming that the receipt amount has been entered into the ledger. At this time, we now have three employees reviewing receipts and signing off. We implemented change, the day of recommendation.

Sincerely,



Donna Coomer
Clerk Treasurer
City of Charlestown

CLERK-TREASURER
CITY OF CHARLESTOWN
EXIT CONFERENCE

The contents of this report were discussed on March 12, 2020, with Donna Coomer, Clerk-Treasurer; Treva E. Hodges, Mayor; Ruthie Jackson, Common Council member; and Heather Schrimp, Deputy Clerk-Treasurer.