

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF WOODBURN

ALLEN COUNTY, INDIANA

January 1, 2017 to December 31, 2018



**FILED**  
04/09/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Timothy J. Cummins	01-01-16 to 12-31-23
Mayor	Joseph F. Kelsey	01-01-16 to 12-31-23
President of the Board of Public Works and Safety	Joseph F. Kelsey	01-01-17 to 12-31-20
President Pro Tempore of the Common Council	Joseph F. Kelsey	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 WOODBURN, ALLEN COUNTY, INDIANA

This report is supplemental to our audit report of the City of Woodburn (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/](http://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 26, 2020

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CLERK-TREASURER  
CITY OF WOODBURN

CLERK-TREASURER  
CITY OF WOODBURN  
AUDIT RESULT AND COMMENT

**CONDITION OF RECORDS**

*Condition and Context*

The City did not have a proper system of internal controls in place to prevent, or detect and correct, errors in the preparation of the financial statement. The Clerk-Treasurer entered the financial information into the Indiana Gateway for Government Units financial reporting system, and the Deputy Clerk-Treasurer reviewed the information entered; however, the Wastewater Utility State Revolving Fund (SRF) Loan activity pertaining to draw downs of the SRF funds and the payment of vendor claims from these draws for a wastewater improvement project were not reported on the City's financial statement. Audit adjustments were proposed, accepted by the Clerk-Treasurer, and made to the financial statement.

*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. . . ."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
CITY OF WOODBURN  
EXIT CONFERENCE

The contents of this report were discussed on March 26, 2020, with Timothy J. Cummins, Clerk-Treasurer; Joseph F. Kelsey, Mayor; and Mike Voirol, Common Council member.