

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF AURORA

DEARBORN COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
08/10/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Benjamin Turner	01-01-17 to 12-31-20
Mayor	Donnie Hastings, Jr. Mark A. Drury	01-01-17 to 12-31-19 01-01-20 to 12-31-20
President of the Board of Public Works	Donnie Hastings, Jr. Mark A. Drury	01-01-17 to 12-31-19 01-01-20 to 12-31-20
President Pro Tempore of the Common Council	Terry Hahn	01-01-17 to 12-31-20
Superintendent of Utilities	Randolph J. Turner	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 AURORA, DEARBORN COUNTY, INDIANA

This report is supplemental to our audit report of the City of Aurora (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 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

June 25, 2020

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CLERK-TREASURER
CITY OF AURORA

CLERK-TREASURER
CITY OF AURORA
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

The City had not separated incompatible activities related to receipts and payroll disbursements.

Receipts

Any of the three employees in the Clerk-Treasurer's office had the ability to write receipts, post receipts, prepare bank deposits, and had access to the accounting system to make adjustments without documentation of an oversight, review, or approval process.

Payroll Disbursements

The Deputy Clerk-Treasurer entered payroll disbursement information into the accounting system without documentation of an oversight, review, or approval process to ensure the accuracy of the information entered.

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. . . ."

CLERK-TREASURER
CITY OF AURORA
EXIT CONFERENCE

The contents of this report were discussed on June 25, 2020, with Benjamin Turner, Clerk-Treasurer; Terry Hahn, President Pro Tempore of the Common Council; Mark A. Drury, Mayor; and Oren Turner, Deputy Clerk-Treasurer.

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SUPERINTENDENT OF UTILITIES
CITY OF AURORA

SUPERINTENDENT OF UTILITIES
CITY OF AURORA
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

The Utilities had not separated incompatible activities related to receipts and cash and investments.

Receipts

All of the employees in the Utilities office had the ability to write receipts, post receipts, prepared bank deposits, and take deposits to the bank without documentation of an oversight, review, or approval process.

Cash and Investments

The Utilities Office Manager was solely responsible for performing the monthly bank reconciliation for all Utility bank accounts without an oversight, review, or approval process in place to ensure reconciliements were prepared and that they were accurate.

Criteria

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SUPERINTENDENT OF UTILITIES
CITY OF AURORA
EXIT CONFERENCE

The contents of this report were discussed on June 25, 2020, with Randolph J. Turner, Superintendent of Utilities; Deidre Trentman, Utilities Office Manager; Benjamin Turner, Clerk-Treasurer; Terry Hahn, President Pro Tempore of the Common Council; Mark A. Drury, Mayor; and Oren Turner, Deputy Clerk-Treasurer.