

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF NEW HAVEN

ALLEN COUNTY, INDIANA

January 1, 2019 to December 31, 2019



**FILED**

08/31/2020



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brenda Adams	01-01-16 to 05-16-19
	Natalie Strock (interim)	05-17-19 to 05-31-19
	Natalie Strock	06-01-19 to 12-31-20
Mayor	Terry E. McDonald	01-01-19 to 12-31-19
	Steven McMichael	01-01-20 to 12-31-20
President of the Board of Public Works and Safety	Terry E. McDonald	01-01-19 to 12-31-19
	Steven McMichael	01-01-20 to 12-31-20
President Pro Tempore of the Common Council	Steven McMichael	01-01-19 to 12-31-19
	Craig Dellinger	01-01-20 to 12-31-20
Superintendent of Utilities and Streets	Dave Jones	01-01-19 to 12-31-20
Utility Office Manager	Jill Cain	01-01-19 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF NEW HAVEN, ALLEN COUNTY, INDIANA

This report is supplemental to our audit report of the City of New Haven (City), for the period from January 1, 2019 to December 31, 2019. 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

July 15, 2020

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CLERK-TREASURER  
CITY OF NEW HAVEN

CLERK-TREASURER  
CITY OF NEW HAVEN  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system for the City related to financial transactions and reporting. The City had not implemented proper segregation of duties related to receipts or documented an oversight or review process over financial reporting. Evidence of an oversight or approval process to ensure that receipts were posted to the correct fund and account was not provided. City officials stated that a review process had been established to ensure accurate financial reporting; however, evidence of the oversight or approval process was not provided.

*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 NEW HAVEN  
EXIT CONFERENCE

The contents of this report were discussed on July 15, 2020, with Natalie Strock, Clerk-Treasurer; Brenda Adams, former Clerk-Treasurer; Craig Dellinger, President Pro Tempore of the Common Council; Dave Cheviron, Common Council member; and Steven McMichael, Mayor.