

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF VINCENNES

KNOX COUNTY, INDIANA

January 1, 2018 to December 31, 2018



**FILED**  
09/02/2020



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon Meek Catherine M. M. Lane	01-01-18 to 12-31-19 01-01-20 to 12-31-20
Mayor	Joe Yochum	01-01-18 to 12-31-20
President of the Board of Public Works and Safety	Joe Yochum	01-01-18 to 12-31-20
President Pro Tempore of the Common Council	Scott Brown Duane Chattin Tim Salters	01-01-18 to 12-31-18 01-01-19 to 12-31-19 01-01-20 to 12-31-20
President of Utility Service Board	Mike Sievers	01-01-18 to 12-31-20
Water General Manager	L. Kirk Bouchie	01-01-18 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF THE CITY OF VINCENNES, KNOX COUNTY, INDIANA

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

August 6, 2020

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CLERK-TREASURER  
CITY OF VINCENNES

CLERK-TREASURER  
CITY OF VINCENNES  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system of the City. The City had not established an effective internal control system that separated incompatible activities related to cash and investments; payroll disbursements; and financial close and reporting.

*Cash and Investments*

The Clerk-Treasurer was responsible for the preparation of the monthly reconcilements of the bank balances to the funds ledger. The reconcilements were reviewed and approved by a separate individual. However, the controls in place did not ensure the accuracy of those reconcilements.

*Payroll Disbursements*

The internal controls over payroll disbursements were not effective in determining that the calculation of overtime for Fire Department employees was not in agreement with the City's Personnel Policies Handbook.

*Financial Close and Reporting*

The Clerk-Treasurer prepared and submitted financial information for the City into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report and financial statement. There was no evidence of a control, such as an oversight, review, or approval process, to ensure the accuracy of the information entered and submitted.

*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:

CLERK-TREASURER  
CITY OF VINCENNES  
AUDIT RESULTS AND COMMENTS  
(Continued)

"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. . . ."

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Clerk-Treasurer incorrectly certified in the 2018 Annual Financial Report that personnel had received the required training on the internal control standards that had been adopted. However, the City had not conducted the personnel training as required by statute.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

CLERK-TREASURER  
CITY OF VINCENNES  
EXIT CONFERENCE

The contents of this report were discussed on August 6, 2020, with Catherine M. M. Lane, Clerk-Treasurer; Joe Yochum, Mayor; Ed Gornall, Common Council member; Dan Ravellette, Common Council member; and Steve Blinn, Board of Public Works and Safety member.

COMMON COUNCIL  
CITY OF VINCENNES

COMMON COUNCIL  
CITY OF VINCENNES  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

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COMMON COUNCIL  
CITY OF VINCENNES  
AUDIT RESULTS AND COMMENTS  
(Continued)

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**TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The City adopted the acceptable minimum level of internal control standards as required by statute. However, the City could not provide documentation that personnel had completed the training on the internal control standards.

*Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

COMMON COUNCIL  
CITY OF VINCENNES  
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