

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, 2019 to December 31, 2019



FILED
09/03/2020

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SCHEDULE OF OFFICIALS

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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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, 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/.

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

The same comment also appeared in prior Report B55699.

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

The same comment also appeared in Report B55699.

Condition and Context

The Clerk-Treasurer incorrectly certified in the 2019 Annual Financial Report that personnel had received the required training on the adopted internal control standards. 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

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

TRAINING ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B55699.

Condition and Context

The City adopted the acceptable minimum level of internal control standards as required by statute; however, the City did 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."

MOTOR VEHICLE HIGHWAY RESTRICTED EXPENDITURES

Condition and Context

The City maintained 50 percent of State Motor Vehicle Highway distributions in a Motor Vehicle Highway Restricted fund; however, expenditures from the fund were not used for construction, reconstruction, and preservation of the City's highways.

Criteria

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

PUBLIC PURCHASES

Condition and Context

The City entered into a contract, in the amount of \$2,414,817, with Wolfe Construction in regard to the Pantheon Theater Project. There was no documentation provided indicating the advertisement of bids for the project.

Criteria

Indiana Code 5-22-7-2 states:

- "(a) A purchasing agent shall issue an invitation for bids.
- (b) An invitation for bids must include the following:

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

- (1) A purchase description.
- (2) All contractual terms and conditions that apply to the purchase.
- (3) A statement of the evaluation criteria that will be used, including any of the following:
 - (A) Inspection
 - (B) Testing
 - (C) Quality
 - (D) Workmanship
 - (E) Delivery
 - (F) Suitability for a particular purpose
 - (G) The requirement imposed under [IC 5-22-3-5](#).
- (4) The time and place for opening the bids.
- (5) A statement concerning whether the bid must be accompanied by a certified check or other evidence of financial responsibility that may be imposed in accordance with rules or policies of the governmental body.
- (6) A statement concerning the conditions under which a bid may be canceled or rejected in whole or in part as specified under [IC 5-22-18-2](#)."

Indiana Code 5-22-7-5(a) states: "The purchasing agent shall give notice of the invitation for bids in the manner required by [IC 5-3-1](#)."

Indiana Code 5-22-7-6 states: "The purchasing agent shall open bids publicly in the presence of one (1) or more witnesses at the time and place designated in the invitation for bids."

Indiana Code 5-22-7-7 states:

"Bids must be:

- (1) unconditionally accepted without alteration or correction, except as provided in sections 11 through 13 of this chapter; and
- (2) evaluated based on the requirements provided in the invitation for bids."

Indiana Code 5-22-7-8 states: "A contract must be awarded with reasonable promptness by written notice to the lowest responsible and responsive bidder."

COMMON COUNCIL
CITY OF VINCENNES
EXIT CONFERENCE

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