

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF MADISON

JEFFERSON COUNTY, INDIANA

January 1, 2019 to December 31, 2019



**FILED**  
09/15/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rick Berry	01-01-19 to 12-31-20
Mayor	Damon L. Welch (deceased)	01-01-19 to 09-25-19
	Dan Dattilo (interim)	09-26-19 to 10-13-19
	Bob Courtney	10-14-19 to 12-31-20
President of the Board of Public Works and Safety	Damon L. Welch (deceased)	01-01-19 to 09-25-19
	Dan Dattilo (interim)	09-26-19 to 10-13-19
	Bob Courtney	10-14-19 to 12-31-20
President Pro Tempore of the Common Council	Dan Dattilo	01-01-19 to 09-25-19
	(Vacant)	09-26-19 to 10-13-19
	Dan Dattilo	10-14-19 to 12-31-19
	Katie Rampy	01-01-20 to 12-31-20
Utility Office Manager	Rob Holt	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 MADISON, JEFFERSON COUNTY, INDIANA

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

September 10, 2020

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CLERK-TREASURER  
CITY OF MADISON

CLERK-TREASURER  
CITY OF MADISON  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS - RECEIPTS**

A similar comment also appeared in prior Report B53058, entitled *FINDING 2018-001*.

*Condition and Context*

The City had a lack of segregation of duties in relation to receipts. The Receipts Clerk was responsible for issuing and recording receipts. There was no documentation presented for audit that someone else, besides the person preparing the deposit slips, was making the bank deposits. There was no documentation presented of an oversight or review over the receipts issued to ensure that all receipt activity was accurately recorded and deposited.

*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 MADISON  
EXIT CONFERENCE

The contents of this report were discussed on September 10, 2020, with Rick Berry, Clerk-Treasurer; Bob Courtney, Mayor; Katie Rampy, President Pro Tempore of the Common Council; Lacey Gammons, Bookkeeper; Tammy Boldery, Payroll Clerk; and Mindy McGee, Chief of Staff.