

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF PRINCETON

GIBSON COUNTY, INDIANA

January 1, 2018 to December 31, 2019



FILED
09/18/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mindy Brines	01-01-18 to 12-31-20
Mayor	Brad Schmitt Greg Wright	01-01-18 to 12-31-19 01-01-20 to 12-31-20
President of the Board of Public Works	Brad Schmitt Greg Wright	01-01-18 to 12-31-19 01-01-20 to 12-31-20
President Pro Tempore of the Common Council	Jan Ballard Sheri Greene	01-01-18 to 12-31-19 01-01-20 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF PRINCETON, GIBSON COUNTY, INDIANA

This report is supplemental to our audit report of the City of Princeton (City), for the period from January 1, 2018 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 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

August 4, 2020

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COMMON COUNCIL
CITY OF PRINCETON

COMMON COUNCIL
CITY OF PRINCETON
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

The City did not have adequate internal controls in place related to vendor and payroll disbursements, and financial close and reporting. The following deficiencies were noted:

1. The Clerk-Treasurer entered and submitted the financial information for the City into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report. 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.
2. There was no oversight of vendor disbursements prior to the Common Council reviewing the claim docket. The Payables Clerk completed all processes of vendor disbursements including recording, printing and mailing checks, and preparing the claims docket. The Payables Clerk also used the Clerk-Treasurer's signature stamp to certify the claims and sign the checks. No evidence was presented for audit to document the review and approval by someone other than the preparer.
3. The Deputy Clerk-Treasurer was solely responsible for payroll processing for the City. No evidence was presented for audit to document the review and approval by someone other than the preparer.

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. . . ."

COMMON COUNCIL
CITY OF PRINCETON
EXIT CONFERENCE

The contents of this report were discussed on August 4, 2020, with Mindy Brines, Clerk-Treasurer; Greg Wright, Mayor; and Sheri Greene, President Pro Tempore of the Common Council.