

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GREENSBURG

DECATUR COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
09/30/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ashlee D. Green Brenda L. Dwenger	01-01-19 to 12-31-19 01-01-20 to 12-31-20
Mayor	Dan Manus Joshua L. Marsh	01-01-19 to 12-31-19 01-01-20 to 12-31-20
President of the Board of Public Works and Safety	Dan Manus Joshua L. Marsh	01-01-19 to 12-31-19 01-01-20 to 12-31-20
President Pro Tempore of the Common Council	Jamie Cain	01-01-19 to 12-31-20
Utilities Manager	Donna M. Lecher	01-01-19 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE CITY OF GREENSBURG, DECATUR COUNTY, INDIANA

This report is supplemental to our audit report of the City of Greensburg (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 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 31, 2020

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CLERK-TREASURER
CITY OF GREENSBURG

CLERK-TREASURER
CITY OF GREENSBURG
AUDIT RESULT AND COMMENT

FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

There were several deficiencies in the internal control system of the City related to financial transactions and reporting:

Receipts

There was a lack of segregation of duties as the City had not separated incompatible activities related to receipts. One person was primarily responsible for issuing and posting receipts. There was no documentation of an oversight, review, or approval process.

Self Insurance Fund

Management of the City had not established an adequate internal control system related to financial transactions and reporting of the activity in the Self Insurance fund.

The City utilized a third-party administrator to administer their Self Insurance fund. The administrator provided the City with a detailed reconciliation worksheet showing the fund's monthly income and expenses and ending cash balances. The City did not enter the fund on their financial ledger, nor did they report this fund in their Annual Financial Report. This resulted in the beginning balance, receipts, disbursements, and ending balance reported on the City's financial statement being understated in the amounts of \$40,985; \$2,555,906; \$2,517,483; and \$79,408; respectively.

Audit adjustments were proposed, accepted by the City, and made to the financial statement.

There was no evidence of controls in place to verify the accuracy of financial information received from the third-party administrator including receipts, disbursements, and balances.

Classification of Receipts and Disbursements

Several City and Utility receipts, including transfers between funds, were posted to incorrect receipt classifications.

CLERK-TREASURER
CITY OF GREENSBURG
AUDIT RESULT AND COMMENT
(Continued)

Several City disbursements were charged to incorrect disbursement classifications. Capital asset purchases were charged to the debt service classification in the General Fund.

Utility disbursements were charged to "other disbursements" instead of to the correct classifications including utility operating expenses, capital outlay, and debt service. Also, transfers between funds were not always posted to the correction classification for disbursements.

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. . . ."

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](#)."

Former Clerk Treasurer, Ashlee Green

City of Greensburg, IN 2019

Official Response

Date: 08/31/2020

Indiana State Board of Accounts

302 West Washington St Room E418

Indianapolis, IN 46204-2765

Response:

Regarding the lack of segregation and duties.... We always had a review and approval process. In past audits we were informed that we needed to put this procedure into place, but had not been advised by any previous auditors that we needed to have in writing who did what.

Regarding the self insurance fund....we had asked about this fund before... had not been an issue in any past audits, and considered money in money out(clearing account).

As far as Internal Controls as a whole... there was an Ordinance that went before the Council that procedures needed to be put into place. I had talked about this more than once, and I was advised by council that a committee would be formed to be in compliance with these procedures. I set a date and time at one point to which no one arrived. From the way the Ordinance read that was signed by Council, it seemed as tho these decisions needed to be approved by them. Again, I brought attention to this matter more than once.

Ashlee D Green

former Clerk Treasurer

CLERK-TREASURER
CITY OF GREENSBURG
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2020, with Brenda L. Dwenger, Clerk-Treasurer; Joshua L. Marsh, Mayor; Kevin G. Fleetwood, Common Council member; Donna M. Lecher, Utilities Manager; Betsy Wiley, Deputy Clerk-Treasurer; Julie Nobbe, City Personnel Administrator; and Ashlee D. Green, former Clerk-Treasurer.