

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, 2020 to December 31, 2020



FILED

09/17/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Catherine M.M. Lane	01-01-20 to 12-31-21
Mayor	Joe Yochum	01-01-20 to 12-31-21
President of the Board of Public Works and Safety	Joe Yochum	01-01-20 to 12-31-21
President Pro Tempore of the Common Council	Tim Salters	01-01-20 to 12-31-21
President of the Utility Service Board	Mike Sievers Ryan Clark	01-01-20 to 12-31-20 01-01-21 to 12-31-21
Water Utility General Manager	L. Kirk Bouchie	01-01-20 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2020 to December 31, 2020. 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

September 1, 2021

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CLERK-TREASURER
CITY OF VINCENNES

CLERK-TREASURER
CITY OF VINCENNES
AUDIT RESULTS AND COMMENTS

**ACCOUNTING FOR INDIANA FINANCE AUTHORITY ADMINISTERED
CORONAVIRUS RELIEF FUND MONEY**

Condition and Context

The City did not properly account for the Coronavirus Relief Fund (monies CRF) in accordance with the options outlined in State Examiner Directive 2020-3 (Directive).

The City did not properly establish a separate CARES grant fund that followed the uniform chart of accounts. Instead, the City utilized a fund number that was specified for another CARES purpose.

The City receipted the Indiana Finance Authority (IFA) reimbursement of \$557,092 into the CARES fund. Three expenditures were then inappropriately paid directly from the CARES fund and were expended without appropriation. The expenditures upon which the reimbursement was based should have been recorded in the CARES fund or the reimbursed amount transferred through the claims process to the General Fund which would have allowed the money to be expended for any general unit purpose. Either of these two methods would have allowed for the proper processing and recording of subsequent expenditures.

The City had a year-end balance of \$331,931 in the CARES fund. This was subsequently corrected in the following year.

Criteria

State Examiner Directive 2020-3 states in part:

". . . Transactions for public health and safety payroll costs must be accounted for through one of these two prescribed options.

Option One. Reimbursements received from IFA shall be receipted into the separate CARES grant fund. The reimbursed amount for public health and safety payroll costs originally incurred in the general fund (or other fund) will be moved to the separate CARES grant fund through a reversing entry. This action will reinstate the general fund (or other fund) cash balance and re-appropriate the general fund (or other fund) in a similar manner to IC 6-1.1-18-9(1) for those disbursements. This reversal must be done in the same budget year that the original transaction was posted.

Once the disbursement is reversed within the general fund (or other fund), it must be posted as a disbursement in the separate CARES grant fund. Documentation must be maintained so the audit trail can be followed. The accounting system must tie the original claim for the disbursement to the separate CARES grant fund by specific reference or notation in a comment section.

Once option one is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund.** . . .

Option Two. Reimbursements received from IFA shall be receipted into the separate CARES grant fund. A claim will be created against the separate CARES grant fund for the reimbursed amount in favor of the general fund. This claim must be supported by documentation of the public health and safety payroll costs that have been expensed from the general fund or other funds.

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

The amount of the claim will be receipted into the general fund cash balance. Normal appropriation procedures will apply to these funds.

Once option two is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. This option requires a resolution or ordinance as detailed in the memorandum CARES Reimbursement of Public Health and Safety Payroll Costs, September 30, 2020. . . .**

Transactions for other permitted costs reimbursed by IFA must be accounted for through one of the following prescribed frameworks. . . .

Framework Three: If you have created a negative balance in your CARES fund based on expenditures made in anticipation of receipt of reimbursement for allowable expenditures where invoices have already been submitted to IFA then leave as is and receipt reimbursement when received, bringing the balance in the separate CARES grant fund to zero. Going forward, expend any anticipated allowable expenditures from a fund with an appropriation and follow framework one. If a negative balance in the CARES grant fund is not fully reimbursed, then the unreimbursed amount will require a reverse entry and posting of the expenditure to the general or other appropriate fund within an appropriated line item.

Once these steps are completed, the balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. . . ."**

MOTOR VEHICLE HIGHWAY RESTRICTED EXPENDITURES

Condition and Context

Effective January 1, 2019, State Examiner Directive 2018-02 established that 50 percent of State Motor Vehicle Highway (MVH) distributions shall be maintained in a Motor Vehicle Highway Restricted fund to be allocated for construction, reconstruction, and preservation of the City's highways. The City maintained 50 percent of State Motor Vehicle Highway distributions in the MVH Restricted fund. However, expenditures from the MVH Restricted 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."

FIRE DEPARTMENT PAYROLL

A similar comment appeared in Management Letters addressed to the Clerk-Treasurer for the audit periods ending December 31, 2018 and 2019.

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

Condition and Context

The City's calculation of overtime and regular time worked was not done in accordance with Ordinance No. 30-94 "Ordinance of the Common Council of the City of Vincennes, Indiana, Establishing Payroll and Work Schedules and Employee Benefits for all Employees of the City of Vincennes, Indiana, and Declaring an Emergency" (Ordinance), its Personnel Policies Handbook (Handbook), or the Fair Labor Standards Act (FLSA). Overtime was being calculated on a biweekly basis and was being calculated on time not worked such as Holidays, vacation, sick, and personal days. Also, mandatory days off are reported and included in the calculation of total hours worked. Mandatory days off were not approved by the Common Council. Total regular time worked for a reporting period was not always in agreement with the requirements of the Ordinance, Handbook, or FLSA.

Ordinance No. 30-94, adopted on November 29, 1994, states: "Members of the Fire Department shall work twenty-four (24) hour shifts and a total of two hundred four (204) hours in each twenty-seven (27) day period. They will be paid overtime pay or comp time for any hours worked in excess of two hundred (204) in any (27) day period."

The City's Handbook, adopted June 14, 2010, by the Board of Public Works and Safety, states in Section 3.14: "Employees holding NON-EXEMPT positions are entitled to overtime pay or compensatory time off under the specific provisions of federal and state laws." Section 3.14.1 of the Handbook states: "Overtime monetary reimbursement is based on actual hours worked." Section 3.6 of the Handbook states: "Time worked is all the time actually spent on the job performing assigned duties."

Section 7(k) of the FLSA provides that employees engaged in fire protection or law enforcement may be paid overtime on a "work period" basis. A "work period" may be from 7 consecutive days to 28 consecutive days in length. For work periods of at least 7 but less than 28 days, overtime pay is required when the number of hours worked exceeds the number of hours that bears the same relationship to 212 (fire) or 171 (police) as the number of days in the work period bears to 28. For example, fire protection personnel are due overtime under such a plan after 106 hours worked during a 14-day work period, while law enforcement personnel must receive overtime after 86 hours worked during a 14-day work period.

Criteria

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter1)

CLERK-TREASURER
CITY OF VINCENNES
EXIT CONFERENCE

The contents of this report were discussed on September 1, 2021, with Catherine M.M. Lane, Clerk-Treasurer; Joe Yochum, Mayor; and Tim Salters, President Pro Tempore of the Common Council.