

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF LAWRENCE

MARION COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
11/05/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Jason Fenwick Tyler Douthit	01-01-20 to 06-11-21 06-12-21 to 12-31-21
Mayor	Steve Collier	01-01-20 to 12-31-21
President of the Board of Public Works	Doug Reeser	01-01-20 to 12-31-21
President of the Common Council	Lisa Chavis	01-01-20 to 12-31-21
President of the Utility Service Board	Steve Hall	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 LAWRENCE, MARION COUNTY, INDIANA

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

October 19, 2021

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CITY CONTROLLER
CITY OF LAWRENCE

CITY CONTROLLER
CITY OF LAWRENCE
AUDIT RESULTS AND COMMENTS

MVH RESTRICTED FUND

The same comment also appeared in prior Report B55945.

Condition and Context

The City created a MVH Restricted sub-fund within the Motor Vehicle Highway fund (MVH fund) and posted fifty percent (50%) of the State Motor Vehicle Highway distributions to the sub-fund. The City did not report the activity of the MVH Restricted sub-fund separately from the MVH fund in the Annual Financial Report filed in the Indiana Gateway for Government Units financial reporting system. Also, the City made an expenditure from the MVH Restricted sub-fund for sidewalk repair instead of construction, reconstruction, and preservation of the City's highways.

Criteria

The purpose of this Directive is to authorize and require . . . cities, and towns that receive distributions from the State Motor Vehicle Highway Account to **create a new sub-fund within the MVH Fund** to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018. . . .

On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows:
. . .

Cities and Towns

Fund 201	MVH
Fund 203	MVH Restricted

Together, MVH and MVH Restricted shall constitute the total MVH Fund. MVH and MVH Restricted will be shown separately on the Annual Financial Report. . . . (State Examiner Directive 2018-2)

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."

CITY CONTROLLER
CITY OF LAWRENCE
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

A similar comment was included in the prior Report B55945, entitled *Capital Assets*.

Condition and Context

The City did not present a complete capital asset inventory for audit inspection. The partial capital asset listing presented did not include acquisition value for many of the capital assets listed.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The City certified on the Indiana Gateway for Government Units financial reporting system that appropriate personnel were trained on internal control standards adopted by the City. However, the City did not have documentation to support that the appropriate new hires in 2020 received the internal control training.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

CITY CONTROLLER
CITY OF LAWRENCE
EXIT CONFERENCE

The contents of this report were discussed on October 19, 2021, with Tyler Douthit, City Controller; Steve Collier, Mayor; Jason Fenwick, former City Controller; Lisa Chavis, President of the Common Council; Doug Reeser, President of the Board of Public Works; Tom Shevlot, Common Council member; and Humphrey Nagila, Financial Analyst.

COMMON COUNCIL
CITY OF LAWRENCE

COMMON COUNCIL
CITY OF LAWRENCE
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The City did not provide the required training on internal control standards to the appropriate personnel during the audit period. Employees hired in 2020 were not required to follow the City policy of watching the training video and completing the certificate. In January 2021, the City resumed its practice of having all new employees watch the training video and complete the certificate.

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."

COMMON COUNCIL
CITY OF LAWRENCE
EXIT CONFERENCE

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