

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF LIGONIER

NOBLE COUNTY, INDIANA

January 1, 2019 to December 31, 2020



FILED

12/07/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Barbara J. Hawn	01-01-19 to 12-31-21
Mayor	Patricia Fisel	01-01-19 to 12-31-21
President of the Board of Public Works	Patricia Fisel	01-01-19 to 12-31-21
President Pro Tempore of the Common Council	Kenneth Schuman	01-01-19 to 12-31-21
Superintendent of Water Utility	Jeffery Boyle	01-01-19 to 12-31-21
Superintendent of Wastewater Utility	Kenneth Sprague	01-01-19 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF LIGONIER, NOBLE COUNTY, INDIANA

This report is supplemental to our audit report of the City of Ligonier (City), for the period from January 1, 2019 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 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

November 30, 2021

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CLERK-TREASURER
CITY OF LIGONIER

CLERK-TREASURER
CITY OF LIGONIER
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

A similar comment appeared in prior Report B54925, entitled *INTERNAL CONTROLS*.

Condition and Context

The City had not established an adequate internal control structure related to financial transactions and reporting. The City had segregated of duties over vendor disbursements; however, the segregation of duties was not documented. The failure to properly implement these internal controls could have enabled material misstatements or irregularities to occur and remain undetected.

Accounts Payable Vouchers are prepared by the Clerk-Treasurer and matched to the invoices by the Deputy Clerk-Treasurer; however, the segregation of duties was not documented.

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 LIGONIER
EXIT CONFERENCE

The contents of this report were discussed on November 30, 2021, with Barbara J. Hawn, Clerk-Treasurer; Patricia Fisel, Mayor; and Kenneth Schuman, President Pro Tempore of the Common Council.