

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GREENDALE

DEARBORN COUNTY, INDIANA

January 1, 2019 to December 31, 2020



FILED

12/20/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary Jo Lynch	01-01-19 to 12-31-21
Mayor	Alan Weiss	01-01-19 to 12-31-21
President of the Board of Public Works	Alan Weiss	01-01-19 to 12-31-21
President of the Common Council	Walt Wilson Kurt Mollaun Vince Karsteter	01-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 12-31-21
City Manager	Steve Lampert	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 GREENDALE, DEARBORN COUNTY, INDIANA

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

December 14, 2021

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CLERK-TREASURER
CITY OF GREENDALE

CLERK-TREASURER
CITY OF GREENDALE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The same comment also appeared in prior Report B55006.

Condition and Context

There were deficiencies in the internal control system of the City related to financial transactions and reporting. There was a lack of segregation of duties, as the City had not separated incompatible activities related to receipts. The Chief Deputy Clerk-Treasurer was primarily responsible for collecting cash and checks for City payments, preparing receipts, and posting to the City's financial system without a consistent review or other oversight process. In some instances, the Clerk-Treasurer performed a comparison of the amounts receipted to the amounts deposited and initialed the deposit slip as evidence of this review; however, this process was not consistently performed.

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.

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

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. . . ."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Clerk-Treasurer incorrectly certified, in the Indiana Gateway for Government Units financial reporting system, that all required City personnel had received training regarding internal control standards as adopted by the City. Documentation for the audit period was not provided to verify that the required personnel received the training on internal control standards.

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](#)."

CLERK-TREASURER
CITY OF GREENDALE
EXIT CONFERENCE

The contents of this report were discussed on December 14, 2021, with Mary Jo Lynch, Clerk-Treasurer; Vince Karsteter, President of the Common Council; Alan Weiss, Mayor; Karen Abbott, Common Council member; and Christine Craig, incoming Clerk-Treasurer.

COMMON COUNCIL
CITY OF GREENDALE

COMMON COUNCIL
CITY OF GREENDALE
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

City employees hired in 2019 and 2020 had not received the training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

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 GREENDALE
EXIT CONFERENCE

The contents of this report were discussed on December 14, 2021, with Mary Jo Lynch, Clerk-Treasurer; Vince Karsteter, President of the Common Council; Alan Weiss, Mayor; Karen Abbott, Common Council member; and Christine Craig, incoming Clerk-Treasurer.