

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF SHELBYVILLE

SHELBY COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
12/21/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Frank M. Zerr Scott M. Asher	01-01-19 to 12-31-19 01-01-20 to 12-31-21
Mayor	Thomas D. DeBaun	01-01-19 to 12-31-21
President of the Board of Public Works	Thomas D. DeBaun	01-01-19 to 12-31-21
President of the Common Council	Robert Nolley	01-01-19 to 12-31-21
Superintendent of the Wastewater Utility	Bradley E. Fix Kevin J. Kredit	01-01-19 to 12-31-19 01-01-20 to 12-31-21
Superintendent of the Storm Water Utility	Derrick S. Byers	01-01-19 to 12-31-21
Utility Office Manager	Beth Corley	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 SHELBYVILLE, SHELBY COUNTY, INDIANA

This report is supplemental to our audit report of the City of Shelbyville (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 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 15, 2021

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CLERK-TREASURER
CITY OF SHELBYVILLE

CLERK-TREASURER
CITY OF SHELBYVILLE
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING - ANNUAL FINANCIAL REPORT

Condition and Context

The City had not established internal controls over the fund financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the City's Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (financial statement).

The Clerk-Treasurer prepared and entered the financial information into Gateway with an oversight, review, or approval in place to prevent, or detect and correct, errors on the financial statement.

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. . . ."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The City adopted the acceptable minimum level of internal control standards, but did not provide internal control training to all required individuals. This resulted in the City incorrectly certifying in the 2019 Annual Financial Report that training had been provided to the appropriate personnel.

Context

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 SHELBYVILLE
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2021, with Scott M. Asher, Clerk-Treasurer; Jennifer Meltzer, City Attorney; Robert Nolley, President of the Common Council; Thomas D. DeBaun, Mayor and President of the Board of Public Works; Rodger Bowers, Payroll Clerk; Ashley Jhala, Payroll and Accounts Payable Clerk; Stacie Martin, Accounts Payable Clerk; and Megan Clouse, Deputy Clerk-Treasurer.

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COMMON COUNCIL
CITY OF SHELBYVILLE

COMMON COUNCIL
CITY OF SHELBYVILLE
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The City did not provide documentation that the necessary personnel had received the required internal control training. Employees considered part-time status did not appear to be completing the internal control training that is required as determined by their position within the City.

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 SHELBYVILLE
EXIT CONFERENCE

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