

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF MONROE CITY

KNOX COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
09/15/2022

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-------------------------------|-----------------|----------------------|
| Clerk-Treasurer | Nancee Scott | 01-01-21 to 12-31-22 |
| President of the Town Council | Matt J. Powell | 01-01-21 to 12-31-22 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF MONROE CITY, KNOX COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Monroe City (Town), for the period from January 1, 2021 to December 31, 2021. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statement Audit Report of the Town, which provides our opinions on the Town'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.

Beth Kelley, CPA, CFE
Deputy State Examiner

August 25, 2022

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CLERK-TREASURER
TOWN OF MONROE CITY

CLERK-TREASURER
TOWN OF MONROE CITY
AUDIT RESULT AND COMMENT

CLAIMS PAID WITHOUT TOWN COUNCIL APPROVAL

Condition and Context

All 26 claims/Accounts Payable Vouchers tested were paid prior to allowance by the Town Council. In addition, all 5 payroll claims tested were paid prior to allowance by the Town Council. The Town Council approved disbursements in the month after the checks for the payments were distributed. An ordinance allowing the Clerk-Treasurer to pay certain types of claims prior to Town Council allowance was not presented for audit.

Criteria

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . .

(5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Indiana Code 36-4-8 and Indiana Code 36-5-4 list various conditions which must be met prior to issuing warrants in cities and towns. Indiana Code 36-4-8-14 and Indiana Code 36-5-4-12 allow a city or town council to adopt an ordinance allowing the city or town fiscal officer to pay certain types of claims prior to board allowance.

The types of claims which could be paid before board allowance include:

- (1) property or services purchased from the U.S. Government,
- (2) license or permit fees,
- (3) insurance premiums,
- (4) utility payments or connection charges,
- (5) general grant programs where advance refunding is not prohibited and the contracting party posts sufficient security to cover the amount advanced,
- (6) grants of State funds,
- (7) maintenance or service agreements,
- (8) leases or rental agreements,
- (9) bond or coupon payments,
- (10) payroll,
- (11) state, federal or county taxes,
- (12) expenses that must be paid because of emergency circumstances, and
- (13) expenses described in an ordinance.

Each payment of expenses must be supported by a fully itemized claim and certified by the fiscal officer and must be reviewed by the proper board at its next regular or special meeting.

(Cities and Towns Bulletin, September 2015)

CLERK-TREASURER
TOWN OF MONROE CITY
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2022, with Nancee Scott, Clerk-Treasurer, and Matt J. Powell, President of the Town Council.

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TOWN COUNCIL
TOWN OF MONROE CITY

TOWN COUNCIL
TOWN OF MONROE CITY
AUDIT RESULT AND COMMENT

ORDINANCES

Condition and Context

The Town Council did not have an ordinance to allow the Clerk-Treasurer to pay claims prior to approval by the Town Council at a public meeting. Of the claims and payroll tested, all were paid prior to Town Council approval.

Criteria

Indiana Code 36-5-4-12 states in part:

"(a) The legislative body of a town may adopt an ordinance allowing money to be disbursed under this section for lawful town purposes.

(b) Notwithstanding IC 5-11-10, with the prior written approval of the board having jurisdiction over allowance of the claim, a town fiscal officer may make claim payments in advance of a board allowance for the following types of expenses if the town legislative body has adopted an ordinance under subsection (a): . . .

(d) The town legislative body or the board having jurisdiction over the allowance of the claim shall review and allow the claim at the body's or board's next regular or special meeting following the preapproved payment of the expense."

TOWN COUNCIL
TOWN OF MONROE CITY
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2022, with Nancee Scott, Clerk-Treasurer, and Matt J. Powell, President of the Town Council.