

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CHRISNEY

SPENCER COUNTY, INDIANA

January 1, 2012 to December 31, 2013



**FILED**  
05/08/2014



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer	
Federal Finding:	
Finding 2013-1 - Internal Controls Over Financial Transactions and Reporting.....	6
Corrective Action Plan .....	7
Exit Conference.....	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kim Litkenhus	01-01-12 to 12-31-15
President of the Town Council	Neal Dougan	01-01-12 to 12-31-14
Superintendent of Utilities	John Graham	01-01-12 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF CHRISNEY, SPENCER COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Chrisney (Town), for the period from January 1, 2012 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the Town. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Town, which provides our opinions on the Town's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report.

Any Corrective Action Plan for the Federal Findings, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

April 1, 2014

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CLERK-TREASURER  
TOWN OF CHRISNEY

CLERK-TREASURER  
TOWN OF CHRISNEY  
FEDERAL FINDING

***Section II - Financial Statement Finding***

***FINDING 2013-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted the following deficiency in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**Town of Chrisney**  
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## **Corrective Action Plan**

Contact Person: Kim Litkenhus, Clerk Treasurer

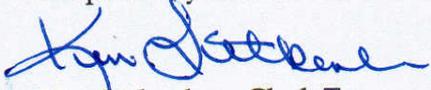
### **Section II-Financial Statement Finding**

#### **FINDING 2013-1-INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

Lack of Segregation of Duties-The Clerk Treasurer will review office procedures and attempt to institute duties which involve review of work performed by the Clerk Treasurer by the Town Council. However, the town is a small governmental unit, and is managed by the Clerk Treasurer and due to cost associated with employing additional staff in order to segregate duties effectively is cost prohibited. Management acknowledges and assumes the risk inherent with the current set up of their business office. In order to address the issues of the finding the Clerk Treasurer will set up procedures to reduce risk on a monthly basis.

- The Clerk Treasurer will present the following to the Town Council at their monthly meeting.
  - Monthly Reconciliation Report
  - Monthly Accounts Payable Register
  - Bank Statements
  - Payroll Vouchers
  - Utility Billing Statements

Respectively Submitted,



Kim Litkenhus, Clerk Treasurer  
Town of Chrisney

CLERK-TREASURER  
TOWN OF CHRISNEY  
EXIT CONFERENCE

The contents of this report were discussed on April 1, 2014, with Kim Litkenhus, Clerk-Treasurer, and Neil Dougan, President of the Town Council.