

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SYRACUSE

KOSCIUSKO COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
12/10/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie Kline	01-01-12 to 12-31-15
President of the Town Council	Bill Musser Brian Woody	01-01-13 to 12-31-13 01-01-14 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF SYRACUSE, KOSCIUSKO COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Syracuse (Town), for the period from January 1, 2013 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/.

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

October 23, 2014

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CLERK-TREASURER
TOWN OF SYRACUSE

CLERK-TREASURER
TOWN OF SYRACUSE
FEDERAL FINDINGS

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute 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)

FINDING 2013-002 - INTERNAL CONTROLS OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Town should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could 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 SYRACUSE

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October 16, 2014

CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

FINDING 2013 – 001

We will analyze and review our office procedures and assignment of duties to separate incompatible activities as much as possible. The Town of Syracuse is a small unit with a small staff. Our analysis will include determining the benefits of stronger internal control while considering the costs associated with adding additional staff to separate incompatible activities. This analysis and review will be completed in 60 days.

FINDING 2013 – 002

We are now aware of the new requirement requiring documentation of all federal transactions. Although our documentation was reviewed and discussed among many employees, we did not have the documentation to prove this had occurred. We will immediately implement a system to provide documentation of our internal controls.

Julie A Kline
Clerk Treasurer

CLERK-TREASURER
TOWN OF SYRACUSE
EXIT CONFERENCE

The contents of this report were discussed on October 23, 2014, with Julie Kline, Clerk-Treasurer; Henry DeJulia, Town Manager; and Brian Woody, President of the Town Council.